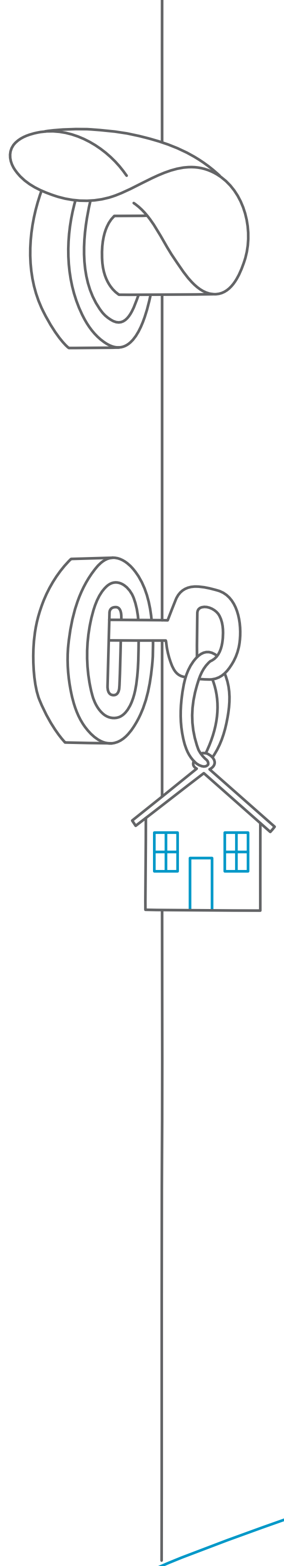
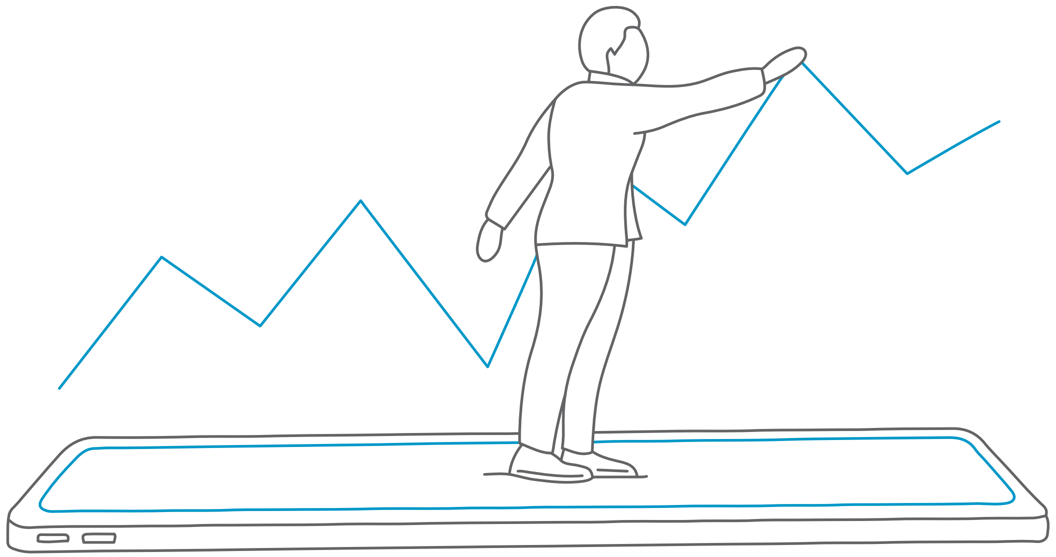
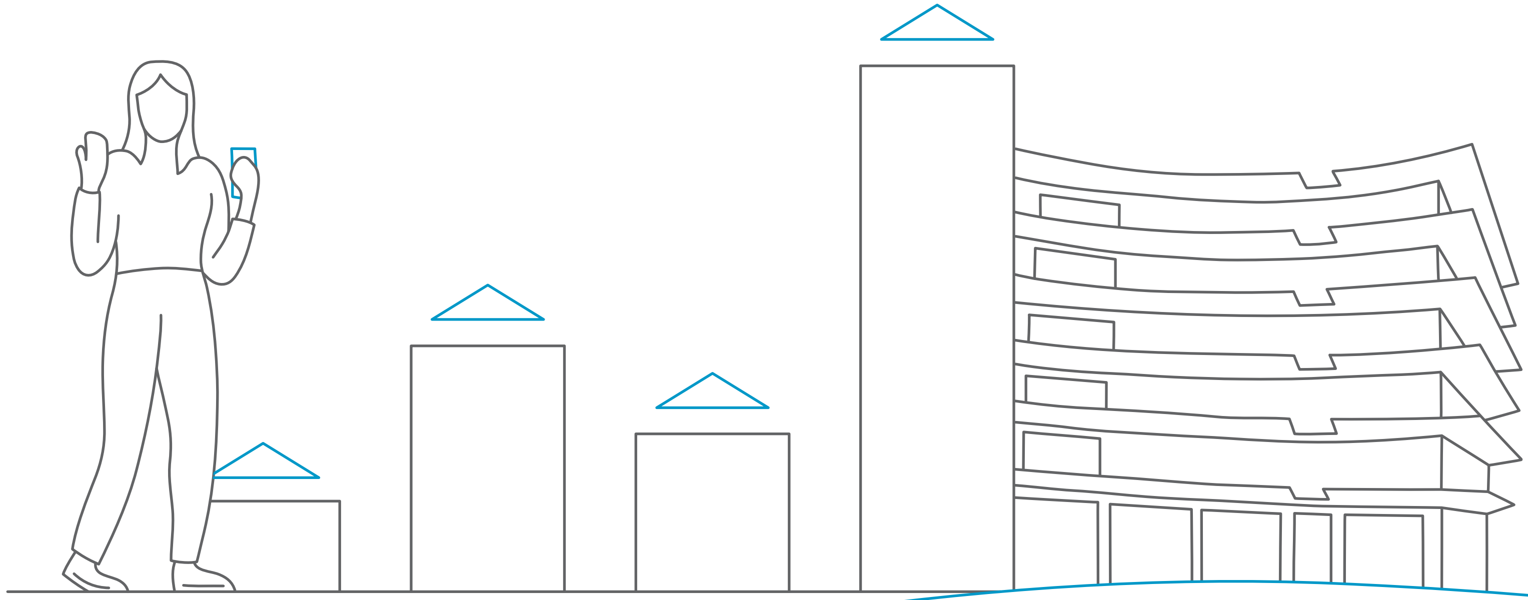


MEASURING OUR PERFORMANCE

A good set of figures drive the business, but behind the impressive figures are the right people making the right decisions at the right time. Our teams demonstrate every day their commitment in the most challenging macro environment and understand the importance to adapt the Group to the global pace of change.





CIEL Finance has championed innovations and harnessed technology to streamline operations and give their clients the best user experience.

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

OUR OPINION

In our opinion, the consolidated and separate financial statements give a true and fair view of the financial position of CIEL Limited (the "Company") and its subsidiaries (together the "Group") and of the Company standing alone as at 30 June 2022, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the Mauritian Companies Act 2001.

What we have audited

CIEL Limited's consolidated and separate financial statements set out on pages 164 to 356 comprise:

- the consolidated and separate statements of financial position as at 30 June 2022;
- the consolidated and separate statements of profit or loss and other comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the "IESBA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF CIEL LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

KEY AUDIT MATTERS (CONT'D)

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
COMPANY **Valuation of investments in subsidiaries, joint ventures, associates and other financial assets.** The Company carries its investments in subsidiaries, joint ventures, associates and other financial assets at fair value in its separate financial statements. As disclosed in notes 12, 13, 14 and 15 of the financial statements, the Directors apply different approaches to estimating the fair values of the investments. The valuation of the Company's investments held at fair value was a key area of audit focus owing to the magnitude, the estimation uncertainties in the assumptions, and the degree of judgement required from the Directors, particularly in this context of economic uncertainty.	For the more judgemental valuations, which may depend on unobservable inputs, we evaluated the assumptions, methodologies and models used by the Company. We performed an independent valuation of a sample of positions, in order to assess whether management's valuations were within a reasonable range of outcomes in the context of the inherent uncertainties disclosed in the financial statements. We also involved our valuation experts to review the appropriateness of the methodologies used in the context of the relevant investment securities held.
GROUP **Determination of the expected credit loss on loans and advances carried at amortised cost** The Group applied IFRS 9 'Financial Instruments' which requires the recognition of Expected Credit Losses ('ECL') on its financial instruments. As explained in note 45 of the financial statements, the ECL impairment model required the use of complex models and significant assumptions about future economic conditions and credit behaviour, particularly for the Group's banking segment, which mainly consists of BNI Madagascar SA – the Bank. The Directors exercised significant judgement in respect of: (a) Accounting interpretations, modelling assumptions and data used to build the ECL model. (b) Allocation of assets to stages 1, 2 and 3 using criteria in accordance with IFRS 9, including the triggers for an asset moving between stages.	With the assistance of our internal experts: (a) We obtained an understanding and tested the relevant controls relating to the approval of credit facilities, subsequent monitoring and remediation of exposures and key system reconciliations. (b) We critically assessed the methodology applied to determine the PD, LGD and EAD used to compute the ECL against the prerequisites of IFRS 9 and the Bank's internal policies. (c) We challenged the appropriateness of the parameters and significant assumptions, including forward-looking information, incorporated into the ECL model, by benchmarking these against independent external sources. (d) We analysed the assets of the Bank in stages 1, 2 and 3, on a sample basis, to assess if they were allocated to the appropriate stage in line with the Bank's set criteria.

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

KEY AUDIT MATTERS (CONT'D)

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
GROUP **Determination of the expected credit loss on loans and advances carried at amortised cost (Continued)** (c) Identification of instruments that have experienced a significant increase in credit risk. (d) Assumptions used in the ECL model to estimate the probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD"). (e) Appropriateness of the economic scenarios determined by management, the probability weights assigned to each, and the inputs and assumptions used to estimate their impact. (f) Incorporation of forward-looking information of reflecting potential future economic events in the ECL model. It should be highlighted that additional subjectivity has been introduced into the measurement of ECL due to the heightened uncertainty associated with the current economic outlook and the path of recovery of the economy from the COVID-19 pandemic. Due to the significance of the portfolio of financial instruments and the significant estimates and judgement applied in the determination of expected credit losses, this was considered to be a key audit area.	(e) We agreed a sample of critical data elements used as input to determine the PD, LGD and EAD to relevant source documentation. (f) We performed risk-based substantive testing of the ECL model by independently re-building certain assumptions and comparing the ECL output of the Bank to our own calculated expectations as determined by applying the Bank's model methodology to the underlying data. (g) We assessed the adequacy of the financial statement disclosures against the requirements of IFRS 9 to ensure that these appropriately reflect the Bank's credit risk exposures.
GROUP **Impairment of goodwill** As disclosed in note 11 of the financial statements, the Group has goodwill amounting to MUR 1.3Bn (2021: MUR 1.3Bn) for which it has concluded that no impairment exists as of 30 June 2022 (2021: Nil).	As part of our planning procedures, we obtained an understanding of the key controls relating to the review process. We also obtained the Directors' assessment of the recoverable amounts of the different CGUs.

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

KEY AUDIT MATTERS (CONT'D)

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
GROUP **Impairment of goodwill (Continued)** The Directors assessed the recoverable amount of the goodwill using a discounted cash flow model to determine the recoverable amount of the cash generating unit (CGU) to which the goodwill relates. This requires the use of a number of key assumptions and judgements, including the estimated future cash flows, long-term growth rates, profitability levels and discount rates applied. This was an area of focus considering the significance of the amounts involved and the level of judgement and estimation required from the Directors.	We assessed the validity of the assumptions used in the cash flow models by comparing these assumptions to our independently derived expectations, based on independent external market data and forecasts. This included specific consideration to the expected rate of recovery of passenger numbers subsequent to the lifting of travel restrictions in the recent months. In order to address management bias in the forecasted cash flows, the budgeted figures of the CGUs that were used in the previous year were back tested to the actual experience. We also considered the reasonably possible changes in key assumptions, including making allowance for the near-term weaker trading for the impact of Covid-19, specifically for the Hotels & Resorts segment. Terminal growth rates have been assessed for reasonableness based on market expected long-term growth rates. In order to determine the reasonableness of the discount rates, the rates used in the cash flow models (on a sample basis) were compared to a range of discount rates independently calculated by us, with the support of our internal valuation experts, based on the markets in which the CGU operate and taking into account the nature of the CGUs. We also verified the mathematical accuracy of the models. We assessed whether appropriate disclosures were made by the Directors in the financial statements.

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

KEY AUDIT MATTERS (CONT'D)

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
GROUP **Valuation of land and buildings (See note 9(a) of the financial statements)** As at 30 June 2022, the Group had land and buildings amounting to MUR 22Bn (2021: MUR 20Bn) included as part of its property, plant and equipment in the consolidated statement of financial position of which MUR 16Bn (2021: MUR 14Bn) related to the Hotels & Resorts segment. The fair value gain recorded in the current financial period amounts to MUR 2.5Bn (2021: MUR 1.2Bn) which includes an amount of MUR 2.1Bn (2021: MUR 946m) for the Hotels & Resorts segment. It is the Group's policy that land and buildings are stated at fair value based on periodic valuations, conducted by an independent external valuer, less subsequent depreciation and impairment for buildings. The fair value was determined in line with IFRS 13 to which certain valuation methods are subscribed to determine the fair value. The fair values are computed by an external valuer using the factual information and professional judgement concerning market conditions and factors impacting the individual properties. The valuation of land and buildings for the Hotels & Resorts segment was considered to be a key audit matter due to its significance on the consolidated financial position and also due to the fact that it is inherently subjective as it involves a number of significant estimates and judgement which might materially affect the carrying value of the revalued assets. Please refer to note 2.2 of the financial statements for details on these estimates and judgements.	We evaluated the design effectiveness of the Group's key controls to address the risk over the valuation of land and buildings. We assessed the competence, experience, independence and integrity of the external valuation experts. We assessed the appropriateness of the valuation methodology used by the external valuers for determining the fair value of land and buildings of the Group by comparing it to similar valuations in the market. We discussed and challenged key inputs and assumptions used by the external valuers, paying particular attention to the level of judgement applied as a result of Covid-19. With the assistance of our valuation experts, we assessed the reasonableness of the fair values attributed to the different properties of the Group and the significant assumptions used by the external independent valuer in this exercise by benchmarking against relevant available industry data related to the increase in construction costs and inflation. We evaluated whether disclosures in the financial statements relating to the fair value of land and buildings were in accordance with International Financial Reporting Standards.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF CIEL LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the corporate governance report, the other statutory disclosures (section 221 of the Mauritius Companies Act 2001), the statement of compliance, the statement of directors' responsibilities in respect of the preparation of the financial statements, the certificate from the company secretary and the risk report but does not include the consolidated and separate financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report and other reports, which are expected to be made available to us after that date.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other reports not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and in compliance with the Mauritian Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group's and Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

MAURITIAN COMPANIES ACT 2001

The Mauritian Companies Act 2001 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

(a) we have no relationship with or interests in the Company or any of its subsidiaries other than in our capacity as auditor and tax advisor of the Company and some of its subsidiaries;

(b) we have obtained all the information and explanations we have required; and

(c) in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

MAURITIAN FINANCIAL REPORTING ACT 2004

Our responsibility under the Mauritian Financial Reporting Act 2004 is to report on the compliance with the Code of Corporate Governance ("Code") disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the annual report, the Company has, pursuant to section 75 of the Mauritian Financial Reporting Act 2004, complied with the requirements of the Code.

OTHER MATTER

This report, including the opinion, has been prepared for and only for the Company's shareholders, as a body, in accordance with Section 205 of the Mauritian Companies Act 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers

Robert Coutet,
licensed by FRC

29 September 2022

CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 30 JUNE 2022

		THE GROUP		THE COMPANY	
	Notes	2022	2021	2022	2021
		MUR' 000	MUR' 000	MUR' 000	MUR' 000
Revenue	4	28,524,594	17,868,627	585,934	367,508
Earnings before interest, tax, depreciation, amortisation, impairments, and fair value gain on investment property	5(a)	5,084,147	2,407,739	484,827	269,668
Depreciation and amortisation	7(c)	(1,390,316)	(1,300,835)	-	-
Earnings before interest, tax, impairments, and fair value gain on investment property		3,693,831	1,106,904	484,827	269,668
Expected credit losses	7(b)	(474,343)	(286,145)	-	-
Fair value gain on investment property	10	185,052	959,638	-	-
Finance costs	6	(923,053)	(1,294,966)	(144,702)	(140,134)
Finance income	6	71,884	20,071	571	576
Share of results of associates and joint ventures	7(d)	431,901	267,304	-	-
Profit before income tax		2,985,272	772,806	340,696	130,110
Income tax (expense)/credit	35	(544,560)	(79,548)	340	(407)
Profit for the year from continuing operations		2,440,712	693,258	341,036	129,703
Loss from discontinued operations	46	(286,721)	(247,381)	-	-
Profit for the year		2,153,991	445,877	341,036	129,703
Profit attributable to:					
Owners		1,300,087	617,391	341,036	129,703
Non-controlling interests		853,904	(171,514)	-	-
		2,153,991	445,877	341,036	129,703

The notes on pages 175 to 356 form an integral part of these financial statements.

		THE GROUP		THE COMPANY	
	Notes	2022	2021	2022	2021
		MUR' 000	MUR' 000	MUR' 000	MUR' 000
Profit for the year (Cont'd)		2,153,991	445,877	341,036	129,703
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Share of other comprehensive income of associates and joint ventures	7(d)	(23,287)	48,381	-	-
Gain on revaluation of land and buildings	9	2,460,803	1,175,801	-	-
Deferred income tax on gain on revaluation of land and buildings	30(d)	(386,766)	(112,166)	-	-
Remeasurements of post-employment benefit obligations	31	11,074	299,442	-	-
Deferred income tax on remeasurements of post-employment benefit obligations	30(d)	(4,464)	(37,562)	-	-
Change in the fair value of equity instruments at fair value through other comprehensive income	12-15	26,658	87,193	5,427,916	5,419,624
Loss on disposal of equity instruments at fair value through other comprehensive income		-	(6,292)	-	(6,292)
Items that may be reclassified to profit or loss:					
Currency translation differences		(47,988)	246,623	-	-
Cash flow hedges		563,289	(414,761)	-	-
Deferred income tax on cash flow hedges	30(d)	(5,927)	(1,398)	-	-
Share of other comprehensive income of associates and joint ventures	7(d)	(21,528)	(9,823)	-	-
Other comprehensive income for the year, net of tax		2,571,864	1,275,438	5,427,916	5,413,332
Total comprehensive income for the year		4,725,855	1,721,315	5,768,952	5,543,035
Total comprehensive income for the year attributable to:					
Owners		2,531,590	1,401,210	5,768,952	5,543,035
Non-controlling interests		2,194,265	320,105	-	-
		4,725,855	1,721,315	5,768,952	5,543,035
Total comprehensive income for the year attributable to owners arises from:					
Continuing operations		5,012,576	1,978,198	5,768,952	5,543,035
Discontinued operations		(286,721)	(256,883)	-	-
		4,725,855	1,721,315	5,768,952	5,543,035
Basic and diluted earnings per share from continuing operations (MUR)	8	0.94	0.45	0.20	0.08
Basic and diluted earnings per share (MUR)	8	0.77	0.37	0.20	0.08

The notes on pages 175 to 356 form an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	Notes	THE GROUP 2022 MUR' 000	THE GROUP 2021 MUR' 000	THE COMPANY 2022 MUR' 000	THE COMPANY 2021 MUR' 000
Non-current assets					
Property, plant and equipment	9	25,495,000	23,219,610	-	-
Right-of-use assets	16	3,098,620	2,811,241	-	-
Investment properties	10	3,614,242	2,741,592	-	-
Intangible assets	11	1,383,612	1,468,778	-	-
Investments in subsidiary companies	12	-	-	23,510,805	18,243,634
Investments in joint ventures	13	2,454,248	1,979,279	162,466	89,908
Investments in associates	14	3,954,923	3,984,327	185,087	227,040
Investments in other financial assets	15	465,083	459,852	25,806	25,011
Loans and advances to customers	22	11,284,467	6,810,443	-	-
Investments in securities	24	4,192,295	3,753,001	-	-
Other receivables	17	81,680	49,258	-	-
Deferred income tax assets	30	350,723	419,361	-	-
		56,374,893	47,696,742	23,884,164	18,585,593
Current assets					
Inventories	18	5,130,675	3,744,853	-	-
Trade and other receivables	19	8,417,548	5,611,912	556,977	318,783
Derivative financial instruments	42	236,641	74,380	-	-
Loans and advances to customers	22	12,997,190	13,057,670	-	-
Investments in securities	24	2,142,954	2,455,016	-	-
Current income tax assets	35	110,163	150,951	39	-
Cash and cash equivalents	20	12,701,634	9,931,175	12,325	6,797
		41,736,805	35,025,957	569,341	325,580
Assets classified as held for sale	21	59,331	1,403,473	-	-
		41,796,136	36,429,430	569,341	325,580
TOTAL ASSETS		98,171,029	84,126,172	24,453,505	18,911,173

These financial statements have been approved for issue by the Board of Directors on 29 September 2022.

P. ARNAUD DALAIS
Chairman of the Board

CATHERINE McILRAITH
Director

The notes on pages 175 to 356 form an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2022 (CONT'D)

	Notes	THE GROUP 2022 MUR' 000	THE GROUP 2021 MUR' 000	THE COMPANY 2022 MUR' 000	THE COMPANY 2021 MUR' 000
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	25	5,141,302	5,140,994	5,141,302	5,140,994
Redeemable restricted A shares	26	39,233	39,233	39,233	39,233
Retained earnings		4,293,631	3,159,723	2,413,965	2,427,311
Revaluation, fair value and other reserves	27	5,443,334	4,341,291	13,499,202	8,071,758
Convertible bonds	27(b)	2,812,392	2,264,792	-	-
		17,729,892	14,946,033	21,093,702	15,679,296
Less treasury shares	25	(14,460)	(14,624)	(14,460)	(14,624)
Owners' interest		17,715,432	14,931,409	21,079,242	15,664,672
Non-controlling interests		8,667,888	7,253,727	-	-
Total equity		26,383,320	22,185,136	21,079,242	15,664,672
Non-current liabilities					
Borrowings	29	10,075,946	11,106,822	2,604,635	2,984,635
Lease liabilities	16	3,206,216	3,014,504	-	-
Deferred income tax liabilities	30(c)	1,841,764	1,359,649	-	-
Retirement benefit obligations	31	692,487	726,013	-	-
Deposits from customers	37	273,282	8,990	-	-
Provisions for other liabilities and charges	32	54,467	62,421	-	-
Other payables and deferred revenue	33	126,166	179,218	-	-
		16,270,328	16,457,617	2,604,635	2,984,635
Current liabilities					
Borrowings	29	9,996,996	8,242,810	465,353	218,718
Lease liabilities	16	258,047	250,659	-	-
Trade and other payables	34	11,704,636	7,058,016	34,265	43,067
Derivative financial instruments	42	66,610	92,691	-	-
Deposits from customers	37	32,819,728	29,079,209	-	-
Current income tax liabilities	35	110,170	60,889	-	81
Provisions for other liabilities and charges	32	84,831	38,673	-	-
Dividend payable	36	270,010	-	270,010	-
Other payables and deferred revenue	33	195,926	99,715	-	-
		55,506,954	44,922,662	769,628	261,866
Liabilities directly associated with assets classified as held for sale	21	10,427	560,757	-	-
		55,517,381	45,483,419	769,628	261,866
TOTAL LIABILITIES		71,787,709	61,941,036	3,374,263	3,246,501
TOTAL EQUITY AND LIABILITIES		98,171,029	84,126,172	24,453,505	18,911,173
Net asset value per share (MUR)	8	10.50	8.85	12.49	9.28

These financial statements have been approved for issue by the Board of Directors on 29 September 2022.

P. ARNAUD DALAIS
Chairman of the Board

CATHERINE McILRAITH
Director

The notes on pages 175 to 356 form an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 30 JUNE 2022

		Attributable to owners										
THE GROUP	Notes	Stated capital	Redeemable Restricted A shares	Treasury shares	Share appreciation rights and other scheme	Fair value reserve	Revaluation and other reserves	Retained earnings	Convertible bonds	Total	Non controlling interest	Total equity
		MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Balance at 01 July 2021		5,140,994	39,233	(14,624)	472	121,781	4,219,038	3,159,723	2,264,792	14,931,409	7,253,727	22,185,136
Profit for the year		-	-	-	-	-	-	1,300,087	-	1,300,087	853,904	2,153,991
Other comprehensive income for the year		-	-	-	-	20,347	1,211,156	-	-	1,231,503	1,340,361	2,571,864
Total comprehensive income for the year		-	-	-	-	20,347	1,211,156	1,300,087	-	2,531,590	2,194,265	4,725,855
Reclassification of revaluation reserve on transfer of property, plant and equipment to investment property		-	-	-	-	-	(243,653)	243,653	-	-	-	-
Disposal of assets classified as held for sale		-	-	-	-	-	51,616	-	-	51,616	45,718	97,334
		-	-	-	-	-	(192,037)	243,653	-	51,616	45,718	97,334
Transactions with owners in their capacity as owners												
Redemption of shares		-	-	-	-	-	-	-	-	-	(101,659)	(101,659)
Change in ownership interest that do not result in loss of control		-	-	-	-	-	-	65,284	-	65,284	(135,232)	(69,948)
Employee share option scheme	25	308	-	164	(472)	-	-	-	-	-	-	-
Dividends		-	-	-	-	-	-	(354,382)	-	(354,382)	(550,202)	(904,584)
Movement of reserves on re-organisation		-	-	-	-	-	-	35,883	-	35,883		35,883
Issue of convertible bonds	27(b)	-	-	-	-	-	-	-	547,600	547,600	-	547,600
Interest on convertible bonds		-	-	-	-	-	-	(38,928)	-	(38,928)	(38,729)	(77,657)
Other banking movements		-	-	-	-	-	63,049	(63,049)	-	-	-	-
Other movements		-	-	-	-	-	-	(54,640)	-	(54,640)	-	(54,640)
Total transactions with owners		308	-	164	(472)	-	63,049	(409,832)	547,600	200,817	(825,822)	(625,005)
Balance at 30 June 2022		5,141,302	39,233	(14,460)	-	142,128	5,301,206	4,293,631	2,812,392	17,715,432	8,667,888	26,383,320

The notes on pages 175 to 356 form an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 30 JUNE 2022 (CONT'D)

THE GROUP	Notes	Attributable to owners										
		Stated capital	Redeemable Restricted A shares	Treasury shares	Share appreciation rights and other scheme	Fair value reserve	Revaluation and other reserves	Retained earnings	Convertible bonds	Total	Non controlling interest	Total equity
		MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Balance at 01 July 2020, as restated		5,139,579	39,233	(18,005)	5,268	53,989	3,483,705	2,579,186	-	11,282,955	7,330,803	18,613,758
Profit for the year		-	-	-	-	-	-	617,391	-	617,391	(171,514)	445,877
Other comprehensive income for the year		-	-	-	-	67,792	629,195	86,832	-	783,819	491,619	1,275,438
Total comprehensive income for the year		-	-	-	-	67,792	629,195	704,223	-	1,401,210	320,105	1,721,315
Transfer of reserve on disposal of equity investments at fair value through other comprehensive income to retained earnings	(iii)	-	-	-	-	-	65,978	(65,978)	-	-	-	-
Transactions with owners in their capacity as owners												
Issue of shares		-	-	-	-	-	-	-	-	-	45,797	45,797
Change in ownership interest that do not result in loss of control		-	-	-	-	-	-	(719)	-	(719)	719	-
Employee share option scheme	25	1,415		3,381	(4,796)	-	-	-	-	-	-	-
Dividends		-	-	-	-	-	-	-	-	-	(446,888)	(446,888)
Unclaimed dividends written back		-	-	-	-	-	-	1,225	-	1,225	-	1,225
Issue of convertible bonds	27(b)	-	-	-	-	-	-	-	2,264,792	2,264,792	-	2,264,792
Other movements		-	-	-	-	-	40,160	(58,214)	-	(18,054)	3,191	(14,863)
Total transactions with owners		1,415	-	3,381	(4,796)	-	40,160	(57,708)	2,264,792	2,247,244	(397,181)	1,850,063
Balance at 30 June 2021		5,140,994	39,233	(14,624)	472	121,781	4,219,038	3,159,723	2,264,792	14,931,409	7,253,727	22,185,136

Other movements are mainly made up of:

(i) Statutory reserve which comprises the accumulated annual transfer of 15% of the net profit for the year in line with Article 41 of Ordinance n° 88-005 dated 15th April 1988 pertaining to the regulations applicable to the banking sector in Madagascar.

(ii) Movements in the General Banking Reserve is at the discretion of BNI Madagascar and the shareholders choose to increase the reserve by the profit for the year net of dividends payable and the amount transferred to statutory reserve.

Movement in reserves of joint venture are made up of:

(i) Statutory reserve movement which comprises the accumulated annual transfer of 15% of the net profit for the year of Bank One Ltd in line with Section 21(1) of the Mauritian Banking Act 2004.

(ii) General Banking reserve movement which comprises of provisions in line with the Bank of Mauritius macroprudential guidelines.

The notes on pages 175 to 356 form an integral part of these financial statements.

SEPARATE STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 30 JUNE 2022

THE COMPANY	Notes	Stated capital	Redeemable Restricted A shares	Treasury shares	Share appreciation rights and other scheme	Fair value reserves	Retained earnings	Total equity
		MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Balance at 1 July 2021		**5,140,994**	**39,233**	**(14,624)**	**472**	**8,071,286**	**2,427,311**	**15,664,672**
Profit for the year		-	-	-	-	-	**341,036**	**341,036**
Other comprehensive income for the year		-	-	-	-	**5,427,916**	-	**5,427,916**
Total comprehensive income for the year		-	-	-	-	**5,427,916**	**341,036**	**5,768,952**
Transactions with owners in their capacity as owners								
Employee share option scheme	25	**308**	-	**164**	**(472)**	-	-	-
Dividends		-	-	-	-	-	**(354,382)**	**(354,382)**
Total transactions with owners of parent		**308**	-	**164**	**(472)**	-	**(354,382)**	**(354,382)**
Balance at 30 June 2022		**5,141,302**	**39,233**	**(14,460)**	-	**13,499,202**	**2,413,965**	**21,079,242**

THE COMPANY	Notes	Stated capital	Redeemable Restricted A shares	Treasury shares	Share appreciation rights and other scheme	Fair value reserves	Retained earnings	Total equity
		MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Balance at 1 July 2020		5,139,579	39,233	(18,005)	5,268	2,651,662	2,302,675	10,120,412
Profit for the year		-	-	-	-	-	129,703	129,703
Other comprehensive income for the year		-	-	-	-	5,419,624	(6,292)	5,413,332
Total comprehensive income for the year		-	-	-	-	5,419,624	123,411	5,543,035
Transactions with owners in their capacity as owners								
Employee share option scheme	25	1,415	-	3,381	(4,796)	-	-	-
Unclaimed dividends written back		-	-	-	-	-	1,225	1,225
Total transactions with owners of parent		1,415	-	3,381	(4,796)	-	1,225	1,225
Balance at 30 June 2021		5,140,994	39,233	(14,624)	472	8,071,286	2,427,311	15,664,672

The notes on pages 175 to 356 form an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS

YEAR ENDED 30 JUNE 2022

	Notes	THE GROUP 2022	THE GROUP 2021	THE COMPANY 2022	THE COMPANY 2021
		MUR' 000	MUR '000	MUR' 000	MUR '000
Cash flows from operating activities					
Cash generated from operations	38	3,688,900	2,405,842	237,829	(9,566)
Interest paid		(850,077)	(910,642)	(145,340)	(139,987)
Interest received		71,884	20,071	572	576
Tax paid	35	(347,745)	(364,082)	220	(770)
Net cash generated from/(used in) operating activities		2,562,962	1,151,189	93,281	(149,747)
Cash flows from investing activities					
Purchase of property, plant and equipment (PPE)	9(a)	(1,176,219)	(788,746)	-	-
Purchase of investments in joint venture	13	(29,051)	(50,000)	-	(50,000)
Purchase of other financial assets	15	(13,904)	(3,912)	-	-
Purchase of intangible assets	11	(46,872)	(32,652)	-	-
Proceeds from disposal of assets held for sale		453,687	-	-	-
Proceeds from disposal of PPE		13,032	1,652,131	-	-
Proceeds from disposal of investment property		18,624	48,270	-	-
Proceeds from redemption of shares	15(a)	32,074	-	129,345	-
Dividends received from associates	14	167,968	156,005	-	-
Dividends received from joint ventures	13	84,000	-		
Proceeds from disposal of associated companies	14(f)	1,112	25,101	-	-
Proceeds from disposal of financial assets		-	1,095	-	-
Proceeds from disposal of intangible assets		237	-		
Investment in other assets		(54,029)	(3,595)	-	-
Net cash (used in)/generated from investing activities		(549,341)	1,003,697	129,345	(50,000)

The notes on pages 175 to 356 form an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS

YEAR ENDED 30 JUNE 2022 (CONT'D)

	Notes	THE GROUP		THE COMPANY	
		2022	2021	2022	2021
		MUR' 000	MUR '000	MUR' 000	MUR '000
Cash flow from financing activities					
Proceeds from borrowings		5,988,408	6,947,926	-	504,117
Repayment of borrowings		(5,409,241)	(8,561,619)	-	(450,000)
Repayments of principal element of leases	16	(239,241)	(204,389)	-	-
Proceeds from convertible bonds	27(b)	547,600	2,264,792	-	-
Dividends paid to non-controlling interests		(432,474)	(407,897)	-	-
Acquisition of interests in subsidiary company	12	-	-	-	(54,018)
Issue of shares to non-controlling interest		-	45,797	-	-
Redemption of capital minority stakes (CIEL Heathcare Ltd & CIEL Finance Ltd)		(101,659)	-		
Dividends paid to parent	36	(84,372)	-	(84,372)	-
Dividends paid to executives		(4,000)	-	-	-
Net cash from/(used in) financing activities		265,021	84,610	(84,372)	99
Increase/(Decrease) in cash and cash equivalents		2,278,642	2,239,496	138,254	(199,648)
Movement in cash and cash equivalents					
At 1 July		9,191,978	6,884,244	(173,999)	25,649
Exchange differences		80,818	68,238	-	-
Increase/(decrease)		2,278,642	2,239,496	138,254	(199,648)
At 30 June	39(b)	11,551,438	9,191,978	(35,745)	(173,999)

The notes on pages 175 to 356 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

1. GENERAL INFORMATION

On 24 January 2014, CIEL Investment Ltd was amalgamated with and into Deep River Investment Ltd (DRI). The surviving company has subsequently been renamed CIEL Limited.

CIEL Limited (the "Company") is a public company incorporated and domiciled in Mauritius and listed on the Official Market of the Stock Exchange of Mauritius. Its registered office is situated at 5th Floor, Ebène Skies, Rue de L'Institut, Ebène, Republic of Mauritius.

Its main activity is to provide long term growth and dividend income for distribution to investors.

CIEL Limited invests in a diversified portfolio of equity and equity related investments in six strategic sectors namely textile, agro, property, hotels and resorts, finance and healthcare.

These financial statements will be submitted for consideration and approval at the forthcoming Annual Meeting of Shareholders of the Company.

2. BASIS OF ACCOUNTING

2.1 Basis of preparation

(a) Statement of compliance

The consolidated financial statements of CIEL Limited are prepared in compliance with the Mauritius Companies Act 2001 and in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ('IASB'). The financial statements are also prepared in line with interpretations issued by the IFRS Interpretations Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and any other regulatory requirements.

(b) Historical cost convention

The financial statements are prepared on a going concern basis and include the consolidated financial statements of the parent company and its subsidiary companies (the Group) and the separate financial statements of the parent company (the Company). The financial statements are prepared under the historical cost convention except for:

Company - Investments in subsidiaries measured at fair value through other comprehensive income ('FVOCI')
Investments in associates measured at FVOCI
Investments in joint ventures measured at FVOCI
Investments in other financial assets measured at FVOCI

Group - Land and buildings at fair value
Investment properties at fair value
Derivative financial instruments at fair value through profit or loss ('FVPL')

Where necessary the comparative figures have been amended to conform with change in presentation of the current year.

(c) Going concern

The Board of Directors has made an assessment of the Group's and the Company's ability to continue as a going concern and is satisfied that the Group and the Company have the resources to continue in business for the foreseeable future. Furthermore, Directors are not aware of any material uncertainties that may cast significant doubt upon the Group's and the Company's ability to continue as a going concern. Accordingly, the financial statements have been prepared on the going concern basis.

The Company

The Company has made a profit of **MUR 341M** (2021: MUR130M) for the year ended 30 June 2022 and its total assets exceed its total liabilities by **MUR 21Bn** (2021: MUR 16Bn).

2. BASIS OF ACCOUNTING (CONT'D)

2.1 Basis of preparation (Cont'd)

(c) Going concern (Cont'd)

The Company (Cont'd)

Whilst its total current liability exceeds its current assets by **MUR 200M** (2021: Net current assets of MUR 64M), the Company has undrawn facilities and money market line amounting to MUR 330M to meet its liabilities in the foreseeable future, if required.

The Group

The Group has made a profit of **MUR 2Bn** (2021: MUR 0.4Bn) for the year ended 30 June 2022 and its total assets exceed its total liabilities by **MUR 26Bn** (2021: MUR 22Bn).

The total current liability exceeds the current assets by **MUR 13Bn** (2021: MUR 11Bn), arising principally from the normal operations of BNI Madagascar SA ('the Bank') in the banking segment of the Group, whereby the current liabilities exceed the current assets by **MUR 13Bn** (2021: MUR 9Bn).

The Bank has major deposits with customers which are demand and savings deposits and are therefore classified as current in the Group's financial statements. The Bank has been making profits and distributed dividends in the current year. The Bank had a capital adequacy ratio of **10%** as at 30 June 2022 (2021: 10.05%) which is well above the minimum capital requirement of 8% as required per the Central Bank of Madagascar.

As detailed in note 45(c), the Bank has in place an adequate liquidity risk management framework, which ensures that:

(a) Cash flow is managed to ensure a balanced inflow and outflow of funds on any one specific day and;

(b) The Bank maintains an adequate stock of liquid assets to ensure that it has sufficient store of value, which can be utilised in the event of an unexpected outflow of funds.

The Bank's current assets comprise mainly of loans and advances, which cannot exceed the deposits from customers – the ratio of loans and advances under current assets to deposits from customers under current liabilities stood at 40% which is relatively conservative.

Based on the above, the Board of Directors is satisfied that the Group has the resources required to meet its liabilities in the foreseeable future.

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of CIEL Limited and its subsidiaries as at 30 June 2022.

Control is achieved when the Group is exposed or has rights to variable returns from its involvement with the investee and could affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure or rights to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, it considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

2. BASIS OF ACCOUNTING (CONT'D)

2.1 Basis of preparation (Cont'd)

(d) Basis of consolidation (Cont'd)

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value, unless significant influence is maintained, in which case, the investment will be accounted for using the equity method of accounting.

(e) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements are measured using Mauritian Rupees, the currency of the primary economic environment in which the entity operates ("functional currency") and rounded to the nearest thousand (MUR '000). The consolidated financial statements are presented in Mauritian Rupees, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in equity as qualifying cash-flow hedges and qualifying net investment hedges.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the date of the transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from that of the presentation currency of the Company, are translated as follows:

(a) assets and liabilities are translated at the closing rate at the reporting date;

2. BASIS OF ACCOUNTING (CONT'D)

2.1 Basis of preparation (Cont'd)

(e) Foreign currencies (Cont'd)

(b) income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(c) the resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. In the event of disposal of a foreign operation, exchange differences are recognised in the profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(f) Earnings before interest, tax, depreciation, amortisation, impairments and fair value gain on investment property

Earnings before interest, tax, depreciation, amortisation, impairments and fair value gain on investment property is stated after adding to earnings before interest, tax, depreciation and amortisation, the significant impairment charges incurred on the Group's assets, and fair value gain on investment property during the year. The Directors make use of this measure to monitor the operational performance of the Group as they deem that it shows the underlying performance of the Group more accurately.

(g) Earnings before interest, tax, impairments and fair value gain on investment property

Earnings before interest, tax, impairments and fair value gain on investment property stated after adding to earnings before interest and tax, the significant impairment charges incurred on the Group's assets and fair value gain on investment property during the year.

(h) Financial assets and liabilities

Measurement methods

The Group and the Company classify their financial assets as subsequently measured at either amortised cost or fair value depending on the Group's and the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A financial asset is measured at amortised cost only if both of the following conditions are met:

- it is held within a business model whose objective is to hold assets in order to collect contractual cash flow; and
- the contractual terms of the financial asset represent contractual cash flow that are solely payments of principal and interest.

Amortised cost and effective interest rate

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

2. BASIS OF ACCOUNTING (CONT'D)

2.1 Basis of preparation (Cont'd)

(h) Financial assets and liabilities (Cont'd)

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e., its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees. For purchased or originated credit-impaired ('POCI') financial assets – assets that are credit-impaired at initial recognition – the Group calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

When the Group revises the estimates of future cash flows, the carrying amount of the respective financial asset or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

(a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e., a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

(b) In all other cases, the difference is deferred, and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

Classification and subsequent measurement

The Group classifies its financial assets in the following measurement categories:

- Fair value through other comprehensive income (FVOCI);
- Fair value through profit or loss (FVPL);
- Amortised cost.

The classification requirements for debt and equity instruments are described below.

2. BASIS OF ACCOUNTING (CONT'D)

2.1 Basis of preparation (Cont'd)

(h) Financial assets and liabilities (Cont'd)

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

Classification and subsequent measurement of debt instruments depend on:

(i) the Group's business model for managing the asset; and

(ii) the cash flow characteristics of the asset.

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured. Interest income from these financial assets is included in 'Interest and similar income' using the effective interest rate method.
- Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Net Investment income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.
- All financial assets not classified as amortised cost or FVOCI as described above are classified as FVPL and held at fair value. This includes all derivative financial assets. On initial recognition, the Group may irrevocably elect to designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI as FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. This election is made on an individual instrument basis.
- These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss when the Group's and/or the Company's right to receive the return is established, unless such instrument is designated in a hedging relationship.

Business model: the business model reflects how the Group manages the assets in order to generate cash flows; that is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g., financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

2. BASIS OF ACCOUNTING (CONT'D)

2.1 Basis of preparation (Cont'd)

(h) Financial assets and liabilities (Cont'd)

Debt instruments (Cont'd)

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the year.

Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either:

(i) the Group transfers substantially all the risks and rewards of ownership, or

(ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

The Group enters transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Group:

(i) Has no obligation to make payments unless it collects equivalent amounts from the assets;

(ii) Is prohibited from selling or pledging the assets; and

(iii) Has an obligation to remit any cash it collects from the assets without material delay.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Group subsequently measures all equity investments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Gains and losses on equity investments at FVPL are included in the 'Net trading income' line in the statement of profit or loss.

2. BASIS OF ACCOUNTING (CONT'D)

2.1 Basis of preparation (Cont'd)

(h) Financial assets and liabilities (Cont'd)

Expected credit losses

The Group assesses on a forward-looking basis the expected credit loss ('ECL') associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The credit risk note provides more detail of how the expected credit loss allowance is measured.

(i) Impairment of non-financial assets

The carrying amounts of assets are assessed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated, being the higher of the asset's net selling price and its value-in-use, to determine, the extent of the impairment loss, if any, and the carrying amount of the asset is reduced to its recoverable amount. The impairment loss is recognised as an expense immediately, unless the asset is carried at revalued amount, in which case the impairment loss is treated as a revaluation decrease.

(j) Borrowing costs

All borrowing costs are charged to the statement of profit and loss in the period in which they are incurred.

(k) Provisions

Provisions are recognised when the Group and/or the Company have a present obligation as a result of a past event which it is probable will result in an outflow of economic benefits that can be reasonably estimated. Provisions are determined by discounting the expected future cash flows are a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(l) Government grants

Government grants are recognised if it is reasonably certain that the related conditions will be satisfied and the grants will actually be received. Grants for the purchase of non-current assets (asset-related grants) are deducted from the historical cost of the assets in question and reduce future depreciation. Grants in respect of wages obtained under the government wage assistance scheme are accounted for in the statement of profit or loss in the period to which the wages relate.

(m) COVID-19 Levy

The COVID-19 Levy is contingent on the entity earning chargeable income in the current year and is recognised in profit or loss when and if a chargeable income arises. It is calculated as the lower of the government grant received under the wage assistance scheme in 2020 and 2021 and 15% of the chargeable income of the current year, less any amount already refunded to the authorities in 2020 and 2021.

2. BASIS OF ACCOUNTING (CONT'D)

2.1 Basis of preparation (Cont'd)

(n) Convertible bonds

During the financial year ended 30 June 2021, the hotel and resorts segment of the Group contracted with the Mauritius Investment Corporation Ltd ("MIC"), a wholly owned subsidiary of the Bank of Mauritius, the issue of redeemable convertible bonds. The Group has accounted for the convertible bonds as equity on initial recognition on the following basis:

- The issuer has the unconditional right to avoid paying cash, and if the principal of the bonds is converted to ordinary shares, these will be converted by exchanging a fixed notional for a fixed number of shares, and any potential variability would serve to maintain the relative economic rights of the shareholders and the subscriber, resulting in no violation of the 'fixed for fixed' requirement. Hence, the Group deems that the principal component can be classified under equity.
- The bonds bear a fixed interest rate (the contractual interest and penalty-interest rates are both fixed) and can be considered to be predetermined because it only varies over time. As a result, the Group determines that such an instrument meets the 'fixed for fixed' condition whereby each unit of the convertible bond converts into a fixed number of shares and hence the instrument can be treated as equity.

The bonds are initially measured based on the subscription proceeds received net of transaction costs, without subsequent remeasurement.

(o) Cost of sales and operating expenses

Cost of sales comprises direct material and labour costs but also indirect costs that can be directly attributed to generating revenue. These are included in profit or loss.

Operating expenses relate to indirect costs of operations accounted on the accruals basis.

(p) Earnings per share (EPS)

(i) Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Group and Company;
- by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.2 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosures of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcome that requires a material adjustment to the carrying amount of assets and liabilities affected in future periods.

In the process of applying the Group's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Group's control and are reflected in the assumptions if and when they occur.

2. BASIS OF ACCOUNTING (CONT'D)

2.2 Critical accounting judgements and key sources of estimation uncertainty (Cont'd)

(i) Impairment of goodwill and non-current assets

Management has assessed the recoverable amounts, as at 30 June 2022 and 2021, of cash generating units (CGUs) to which goodwill has been allocated and CGUs that have indicators for impairment. Note 11 sets out the CGUs to which goodwill has been allocated for impairment testing purposes.

The recoverable amount of CGUs is determined based on their value-in-use or their fair value less costs to disposal, if any. The value-in-use has been determined via future net cash flows based on the budget for the next 12 months as a starting point. Cash flow projections of 3 to 10 years have been considered and discounted at an appropriate discount rate and added to the estimated discounted terminal value. The determination of the cash flow projections, discount rates and terminal values entails significant assumptions made by management of the effects of uncertain future events on those assets at the reporting date. Refer to Note 9 and Note 11 for impairment assessment of PPE and impairment of goodwill respectively.

(ii) Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of treasury bills that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for pension obligations are based in part on current market conditions. Refer to note 31 for further details.

(iii) Convertible bonds

During the year ended 30 June 2022, SUN Group received additional funding from the Mauritius Investment Corporation ("MIC"), as per the terms and conditions disclosed in note 27(b) to the financial statements.

Significant accounting judgement has been applied by the Directors in the determination of the appropriate accounting policy, and legal representation has been obtained by the Directors with regards to certain clauses within the contract, which are disclosed in note 27(b).

(iv) Revaluation of property, plant and equipment and investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the profit or loss. In addition, it measures land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. The fair value is determined based on independent valuation by valuers who make use of valuation methods, depending on the type of asset being revalued. Such methods depend on a variety of assumptions which are further disclosed in notes 9 and 10.

During the financial year ended 30 June 2022, a revaluation gain of MUR 2.2Bn, of which MUR 1.8Bn is attributable to the Hotel and Resort segment, was recognised. The Directors of the Group deemed the depreciated replacement cost approach to be the most suitable valuation technique for the leasehold land improvements, buildings and site improvements of the Hotel segment as compared to other techniques such as the income approach and the market comparable approach. The most significant input into this method of valuation is the replacement cost per square metre.

2. BASIS OF ACCOUNTING (CONT'D)

2.2 Critical accounting judgements and key sources of estimation uncertainty (Cont'd)

(iv) Revaluation of property, plant and equipment and investment properties (Cont'd)

A revaluation gain of MUR 185M has been recognised on investment properties during the financial year ended 30 June 2022. Most of the revaluation gain, being MUR 170M, has been recognised on the land owned by a subsidiary of the Property segment. Hence, the Directors of the Group deemed the residual method of valuation to be the most suitable valuation technique. The most significant input into this method of valuation is the estimated possible revenue of the developable land and the net of all the costs of developing the entire Smart City, mostly being the cost of construction of the buildings and services.

(v) Fair value of securities not quoted in an active market

The fair value of securities not quoted in an active market may be determined by the Group and the Company using valuation techniques including third party transactions values, earnings, net asset value or discounted cash flows, whichever is appropriate. The Group would exercise judgement and estimates on the quantity and quality of pricing sources used.

Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer to notes 12, 13, 14 and 15 for further details.

Determination of fair value

The fair value of publicly traded securities in an active market is based on:

- Their market value which is calculated by reference to the Stock Exchange - quoted prices at the close of business at the end of reporting period;
- Quoted prices plus premium; or
- Recent transaction price.

In assessing the fair value of unquoted investments or quoted securities in an inactive market, the Group uses a combination of discounted cash flow, price to book, earnings multiple, net asset base, dividend yield basis and volume weighted average price method. The valuation policy is summarised below:

- 50% stake or more in investee companies – Net asset value, price earnings multiple or discounted cash flow and volume weighted average price method.
- Less than 50% stake in investee companies - earnings multiple
- Property investee companies - net asset basis whereby properties are revalued on a regular basis on their open market value
- Investments in new ventures are valued at cost for the first year less any impairment loss recognised to reflect irrecoverable amounts except if there has been significant change till year end
- Investment entities - net asset basis
- Banking sector - mix of price to book and price earnings ratios or dividend discounting model as appropriate
- Recent transaction price, where applicable

(vi) Asset lives and residual values

Property, plant and equipment are depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.

2. BASIS OF ACCOUNTING (CONT'D)

2.2 Critical accounting judgements and key sources of estimation uncertainty (Cont'd)

(vii) Leases

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination, including: whether there are significant penalties to terminate (or not extend); whether any leasehold improvements are expected to have a significant remaining value; historical lease durations; the importance of the underlying asset to the operations; and the costs and business disruption required to replace the leased asset. The lease term is reassessed if a significant event or a significant change in circumstances occurs which affects the assessment of reasonable certainty. During the financial years ended 30 June 2022 and 30 June 2021, no option has been exercised and hence, no reassessment has been performed.

(viii) Determining whether forecast sales are highly probable

The Group is exposed to foreign currency risk, most significantly to the Euro, Pound Sterling and US Dollar, as the Group's sales are denominated in these currencies. The Group hedges these exposures by entering into foreign currency loans ("hedging instruments") with future principal payments that will match the future sales ("hedged item") in these currencies.

To apply hedge accounting, a condition is that the forecast transaction must be "highly probable". The Group has applied judgement in assessing whether the forecasted foreign currency revenue remain "highly probable", still expected to occur or is no longer expected to occur, particularly in light of the decline in expected bookings patterns resulting from the Covid-19 pandemic and the related suspension of the operations of the Group. In making this assessment, the Group has considered the most recent budgets and plans, including the Covid-19 scenario.

(ix) Recoverability of deferred income tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The outcome of their actual utilisation may be different.

(x) Measurement of the expected credit loss allowance

The IFRS 9 impairment requirements are based on an expected credit loss model. Madagascar's (Banking Subsidiary of CIEL Finance Limited referred to as 'The Bank') accounting policy for impairment of financial assets is listed below.

The Bank applies a three-stage approach to measuring expected credit losses (ECL) on debt instruments accounted for at amortised cost and FVOCI. Assets migrate through the following three stages based on the change in credit quality since initial recognition:

(i) Stage 1: 12-months ECL

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.

(ii) Stage 2: Lifetime ECL – not credit impaired

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised.

2. BASIS OF ACCOUNTING (CONT'D)

2.2 Critical accounting judgements and key sources of estimation uncertainty (Cont'd)

(x) Measurement of the expected credit loss allowance (Cont'd)

(iii) Stage 3: Lifetime ECL – credit impaired

Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

At each reporting date, the Bank assesses whether there has been a significant increase in credit risk for financial assets since the initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition.

In determining whether credit risk has increased significantly since initial recognition, the Bank uses its internal credit risk grading system, external risk ratings and forecast information to assess deterioration in credit quality of a financial asset.

The Bank assesses whether the credit risk on a financial asset has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of shared credit risk characteristics, taking into account instrument type, credit risk ratings, date of initial recognition, remaining term to maturity, industry, geographical location of the borrower and other relevant factors.

The Bank considers its historical loss experience and adjusts this for current observable data. In addition, the Bank uses reasonable and supportable forecasts of future economic conditions including experienced judgement to estimate the amount of an expected impairment loss. IFRS 9 introduces the use of macroeconomic factors which include, but is not limited to, unemployment, interest rates, gross domestic product, inflation and commercial property prices, and requires an evaluation of both the current and forecast direction of the economic cycle. Incorporating forward-looking information increases the level of judgement as to how changes in these macroeconomic factors will affect ECL. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

If, in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the provision for doubtful debts reverts from lifetime ECL to 12-months ECL. In the case of debt instruments measured at FVOCI, the measurement of ECL is based on the three-stage approach as applied to financial assets at amortised cost. The Bank recognises the provision charge in profit and loss, with the corresponding amount recognised in other comprehensive income, with no reduction in the carrying amount of the asset in the statement of financial position. Further details have been disclosed in note 45.

(xi) Provision for slow-moving inventories

The Directors are required to exercise significant judgement in estimating the provision for slow-moving inventories. The following are considered to provide for inventories write-off:

- Apply appropriate procedures to identify slow-moving and obsolete stocks;
- Make reasonable and prudent estimates of the prices obtainable in the market in which the goods are expected to be sold at the time at which they will be available for sale; and
- Take into account projected time to completion and sale (for example, repair costs for damaged stocks and sales commission).

2. BASIS OF ACCOUNTING (CONT'D)

2.3 Application of new and revised International Financial Reporting Standards.

New and amended standards adopted by the Group

Amendment to IFRS 16, 'Leases' – Covid-19 - Related rent concessions extension of the practical expedient (effective for periods beginning on or after 1 April 2021) extends the date of the practical expedient under IFRS 16 in relation to Covid-19 - Related rent concessions from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications.

'Interest Rate Benchmark Reform – Phase 2 (effective for periods beginning on or after 1 January 2021) introduces a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the interbank offered rate (IBOR) reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition. The amendment did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 30 June 2022 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3. SEGMENT INFORMATION

The reportable segments are strategic business units that offer different products and services. They are managed separately because each business unit requires different strategies. The Group has six reportable segments:

- Textile derives income mainly from the sale of knitwear, woven and fine knits products.
- Agro earns income mainly from sugar production.
- Property derives income mainly land and property development.
- Hotels and Resorts derives income through the ownership and management of portfolio of hotels.
- Financial services derive income mainly from banking, fiduciary products and portfolio management.
- Healthcare derives income through the running of healthcare facilities.
- CIEL - Holding Company derives income through dividend return from its investments.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. The Group evaluates performance on basis of Profit & Loss from operations.

3. SEGMENT INFORMATION (CONT'D)

	Textile	Property*	Agro	Hotels & Resort	Financial Services	Healthcare	CIEL And others**	Eliminations/ Unallocated	Total
THE GROUP	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Year ended 30 June 2022									
Total revenue	15,454,249	121,677	-	4,839,078	4,544,464	3,561,758	819,408	(816,040)	28,524,594
Earnings before interest, tax, depreciation, amortisation, impairments and fair value gain on investment properties	1,720,906	101,823	(3,482)	1,223,940	1,409,089	832,381	496,163	(696,673)	5,084,147
Depreciation and amortisation	(342,849)	(15,013)	-	(561,719)	(248,982)	(208,947)	(5,316)	(7,490)	(1,390,316)
Earnings before interest, tax, impairments and fair value gain on investment properties	1,378,057	86,810	(3,482)	662,221	1,160,107	623,434	490,847	(704,163)	3,693,831
Impairment of financial assets	(2,971)	-	-	(855)	(645,892)	(31,780)	-	207,155	(474,343)
Fair value gain on investment properties	-	169,740	-	-	15,312	-	-	-	185,052
Finance income	11,677	-	-	58,274	599	9,785	15,549	(24,000)	71,884
Finance cost	(175,606)	(11,021)	-	(487,709)	(33,311)	(80,044)	(158,536)	23,174	(923,053)
Share of result of associates and joint ventures	(22,908)	50,117	211,943	19,515	187,672	-	-	(14,438)	431,901
Profit before income tax	1,188,249	295,646	208,461	251,446	684,487	521,395	347,860	(512,272)	2,985,272
Income tax	(154,798)	(70,603)	-	(51,366)	(173,390)	(90,908)	(3,495)	-	(544,560)
Profit from continuing operations	1,033,451	225,043	208,461	200,080	511,097	430,487	344,365	(512,272)	2,440,712
(Loss)/profit from discontinued operations	(288,349)	-	-	-	-	1,628	-	-	(286,721)
Profit for the year	745,102	225,043	208,461	200,080	511,097	432,115	344,365	(512,272)	2,153,991

* Include Evolis Group figures. Management deemed more useful to present all the Evolis property figures under the property segment, rather than the textile segment, for segmental reporting.

** CIEL and Others consist of CIEL Limited, CIEL Corporate Services, Azur Financial Services, EM Insurance Brokers Limited and Rockwood Textile.

3. SEGMENT INFORMATION (CONT'D)

THE GROUP	Textile MUR'000	Property* MUR'000	Agro MUR'000	Hotels & Resort MUR'000	Financial Services MUR'000	Healthcare MUR'000	CIEL and others** MUR'000	Eliminations/ Unallocated MUR'000	Total MUR'000
Year ended 30 June 2021									
Total revenue	10,444,465	103,069	6,000	527,901	3,782,304	2,994,560	564,503	(554,175)	17,868,627
Earnings before interest, tax, depreciation, amortisation, impairments, and fair value gain on investment properties	1,185,310	1,825	2,164	(594,048)	1,262,241	556,556	331,927	(338,236)	2,407,739
Depreciation and amortisation	(303,193)	(12,149)	-	(560,809)	(246,397)	(174,486)	(4,806)	1,005	(1,300,835)
Earnings before interest, tax, impairments, and fair value gain on investment properties	1,185,310	(10,324)	2,164	(1,154,857)	1,015,844	382,070	327,121	(337,231)	1,106,904
Impairment of financial assets	-	(4,183)	-	(18,237)	(230,276)	(30,682)	(2,767)	-	(286,145)
Fair value gain on investment properties	-	942,110	-	-	17,528	-	-	-	959,638
Finance income	7,370	42	-	8,062	810	3,787	-	-	20,071
Finance cost	(132,795)	(10,948)	-	(883,548)	(34,061)	(94,761)	(138,853)	-	(1,294,966)
Share of result of associates and joint ventures		(157)	241,895	(75,953)	25,988	17,653	16,843	41,035	267,304
Profit before income tax	756,692	916,540	244,059	(2,124,533)	795,833	278,067	202,344	(296,196)	772,806
Income tax	(103,203)	(3,631)	-	224,637	(187,560)	(6,545)	(3,246)	-	(79,548)
Profit from continuing operations	653,489	912,909	244,059	(1,899,896)	608,273	271,522	199,098	(296,196)	693,258
(Loss)/profit from discontinued operations	(26,930)	-	-	(244,927)	-	24,476	-	-	(247,381)
Profit for the year	626,559	912,909	244,059	(2,144,823)	608,273	295,998	199,098	(296,196)	445,877

3. SEGMENT INFORMATION (CONT'D)

2022	Textile MUR'000	Property* MUR'000	Agro MUR'000	Hotels & Resort MUR'000	Financial Services MUR'000	Healthcare MUR'000	CIEL and others** MUR'000	Eliminations/ Unallocated MUR'000	Total MUR'000
Assets excluding associates & joint ventures	14,084,367	5,511,343	36,404	21,660,460	46,312,311	4,685,822	25,031,329	(25,560,178)	91,761,858
Joint ventures	336,514	29,051	-	63,693	2,019,794	-	162,466	(157,270)	2,454,248
Associates	-	298,055	1,453,175	285,207	1,009	-	185,087	1,732,390	3,954,923
Segment assets	14,420,881	5,838,449	1,489,579	22,009,360	48,333,114	4,685,822	25,378,882	(23,985,058)	98,171,029
Segment liabilities	10,488,289	605,567	31,811	12,169,036	43,233,315	2,758,524	4,315,868	(1,814,701)	71,787,709

2021	Textile MUR'000	Property* MUR'000	Agro MUR'000	Hotels & Resort MUR'000	Financial Services MUR'000	Healthcare MUR'000	CIEL And others** MUR'000	Eliminations/ Unallocated MUR'000	Total MUR'000
Assets excluding associates & joint ventures	12,039,570	2,826,152	36,051	19,566,430	38,369,274	4,195,395	16,494,152	(15,364,458)	78,162,566
Joint ventures	-	-	188	49,277	1,935,237	-	1,445,643	(1,451,066)	1,979,279
Associates	-	-	1,371,537	392,645	23,329	-	1,965,477	231,339	3,984,327
Segment assets	12,039,570	2,826,152	1,407,776	20,008,352	40,327,840	4,195,395	19,905,272	(16,584,185)	84,126,172
Segment liabilities	7,777,498	366,084	29,575	13,089,313	35,359,372	2,502,422	3,741,713	(924,941)	61,941,036

* Include Evolis group figures. Management deemed more useful to present all the Evolis property figures under the property segment for segmental reporting.

** CIEL and Others consist of CIEL Limited, CIEL Corporate Services, Azur Financial Services, EM Insurance Brokers Limited and Rockwood Textile.

3. SEGMENT INFORMATION (CONT'D)

	REVENUES FROM EXTERNAL			
	Customers		Non-current Assets	
THE GROUP	2022	2021	2022	2021
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Geographical information				
Mauritius	18,933,684	11,212,753	36,708,525	32,530,885
Madagascar	4,265,881	3,525,985	17,204,395	12,727,230
Asia	3,738,299	2,065,208	1,702,556	1,289,224
Maldives	-	-	-	340,975
South Africa	844,202	589,100	187,493	248,377
Others	742,528	475,581	571,924	560,051
	28,524,594	17,868,627	56,374,893	47,696,742

Revenues from external customers are presented based on the respective subsidiaries' country of domicile.

4. REVENUE

The Group

Sale of goods

Sales of goods are recognised when control of the products has been transferred, being when the products are delivered to the customer. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only passage of time is required before the payment is due.

Sales of goods comprise the sale of knits, knitwear and woven textile garments.

Sale of services

Services provided by the group comprise operation, management and rental of properties, tourism, hospitality and leisure activities, medical services, and banking and financial services.

Revenue from providing services is recognised in the accounting period in which the services are rendered. Revenue is recognised when control of the services is transferred to the customer at an amount that reflects the condition to which the company expects to be entitled in exchange for those services. Income from the rendering of services include the following:

4. REVENUE (CONT'D)

Type	**Timing of recognition**
Dividend income	When the shareholder's right to receive payment is established.
Interest income	Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).
Management fees and other income	When control of the services is transferred to the customer at an amount that reflects the condition to which the company expects to be entitled in exchange for those services. The fees are determined through management agreements and are generally based on an agreed percentage of the Net asset Value and Profit after tax of the company. The Group determines and calculates the fees and allocates them on a quarterly basis, through the fees are earned over time.
Commission	Commission received from trading services is allocated to each trading activity as and when it is due as per the agreement. The commission income is recognised at a point in time when the service is rendered.
Information and communication technology income	When control of the services is transferred to the customer at an amount that reflects the condition to which the company expects to be entitled in exchange for those services. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of reporting period as a proportion to the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined based on the actual labour hours spent relative to the total expected labour hours. If the contract includes an hourly fee, revenue is recognised in the amount to which the customer is entitled to be invoiced. Customers are invoiced on a monthly basis and consideration is payable when invoiced.
Income from foreign exchange dealings	On a settlement basis.
Rental Income	Rental income from investment properties is recognised in profit or loss on an accrual basis in accordance with the substance of the relevant agreement. Revenue from service charge is recognised in the accounting period in which control of the services are passed to the customer, which is when the service is rendered.

4. REVENUE (CONT'D)

The Company

The Company's main source of revenue is dividend income generated from its subsidiaries. Dividend is recognised when the shareholder's right to receive payment is established.

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Revenue				
- Banking				
- Interest Income	2,743,702	2,204,788	-	-
Revenue from contracts with customers:				
- Textile	15,458,594	10,444,465	-	-
- Hotel	4,839,078	527,901	-	-
- Banking				
- Fees and commission income	869,162	724,308	-	-
- Profit arising on dealings	644,236	578,833	-	-
- Other income	-	5,508	-	-
- Healthcare	3,551,959	2,986,161	-	-
- Agro & Property	39,227	21,493	-	-
Dividend income				
- Listed on DEM	-	-	46,110	53,792
- Unquoted	400	2,593	539,816	312,124
Others:				
Management and service fees	319,628	301,352	-	-
Rental income	31,609	36,841	-	-
Other income	26,999	34,384	8	1,592
	25,780,892	15,663,839	585,934	367,508
Total revenue	28,524,594	17,868,627	585,934	367,508
Timing of revenue recognition				
Goods transferred at a point in time	24,817,028	14,768,763	585,934	367,508
Services transferred over time	963,864	895,076	-	-
	25,780,892	15,663,839	585,934	367,508

5. EARNINGS BEFORE INTEREST, TAX, DEPRECIATION, AMORTISATION, IMPAIRMENTS, REORGANISATION COSTS AND FAIR VALUE GAIN ON INVESTMENT PROPERTY

(a)	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Revenue	28,524,594	17,868,627	585,934	367,508
Profit on disposal of property, plant and equipment	2,483	8,994	-	-
Profit on disposal of held for sale assets	62,232	31,812	-	-
Profit on disposal of investment property	9,399	-	-	-
Profit on disposal of associated companies (Note 14(f))	5,713	26,678	-	-
Other operating income	693,887	231,163	-	-
Government wage assistance scheme	253,396	618,725	-	-
Net foreign exchange differences	19,258	130,813	(567)	319
Cost of goods sold (i)	(11,002,301)	(7,214,615)	-	-
Interest expense – Banking segment	(1,438,371)	(1,103,490)	-	-
Employee benefit expenses (Note 7(a))	(6,717,428)	(5,146,336)	-	-
Management fees and services	(116,460)	(27,493)	(60,136)	(59,153)
Professional, legal and consultancy fees	(143,753)	(121,677)	(6,350)	(13,448)
Rental and leases (Note 16)	(310,709)	(76,821)	-	-
Logistics and utilities	(2,051,399)	(1,137,677)	-	-
Office expenses	(383,576)	(244,666)	(11,864)	(9,882)
Transport expenses	(105,877)	(80,500)	-	-
Marketing, communication and publication expenses	(455,511)	(209,469)	(13,666)	(6,878)
Repairs and maintenance	(422,919)	(267,944)	-	-
Social and events	(43,851)	(39,791)	-	-
Bad debts written off	(207,155)	(86,484)	-	-
Impairment of non-financial assets and reorganisation costs (iii)	(78,439)	(203,217)	-	-
Fair value adjustment on held for sale assets (Note 21)	-	(20,106)	-	-
Other expenses (ii)	(1,009,066)	(528,787)	(8,524)	(8,798)
	5,084,147	2,407,739	484,827	269,668

5. EARNINGS BEFORE INTEREST, TAX, DEPRECIATION, AMORTISATION, IMPAIRMENTS, REORGANISATION COSTS AND FAIR VALUE GAIN ON INVESTMENT PROPERTY (CONT'D)

	THE GROUP	
	2022	2021
	MUR' 000	MUR' 000
(i) Cost of goods sold		
Raw materials and consumables	9,664,559	6,167,170
Direct cost, Utilities and Others	1,337,742	1,047,445
	11,002,301	7,214,615
(ii) Other expenses		
Information and telecommunication expenses	(78,235)	(51,555)
Insurance	(78,611)	(45,555)
General and miscellaneous costs	(251,757)	(22,083)
Professional fees and other services	(239,718)	(127,217)
Fees and commission	(184,727)	(36,368)
Other cost	(176,018)	(246,009)
	(1,009,066)	(528,787)
(iii) Impairment of non-financial assets and reorganisation costs		
Non-financial assets (Note 9 / 18)	32,990	48,762
Reorganisation costs (*)	45,449	154,455
	78,439	203,217

(*) Reorganisation costs comprise termination benefits on voluntary early retirement of employees.

6. FINANCE COSTS AND FINANCE INCOME

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Interest expense on:				
Bank overdrafts	(26,752)	(44,745)	(223)	(3,952)
Loans repayable by instalments	(221,720)	(231,933)	-	-
Bills discounted	(16,137)	(9,275)	-	-
Debentures	(161,098)	(243,994)	-	-
Redeemable preference shares	(881)	-	-	-
B shares dividend	(6,000)	(4,000)	-	-
Loans at call	(83,309)	(176,646)	(1,793)	(2,231)
Lease liabilities (Note 16)	(219,634)	(220,249)	-	-
Fixed rate secured notes	(187,522)	(134,245)	(142,686)	(133,951)
Ineffective portion of cash flow hedge	-	(229,879)	-	-
Finance costs	(923,053)	(1,294,966)	(144,702)	(140,134)
Interest income on:				
Bank balances	71,884	20,071	-	-
Others	-	-	571	576
Finance income	71,884	20,071	571	576
Net finance costs	(851,169)	(1,274,895)	(144,131)	(139,558)

7.(A) EMPLOYEE BENEFIT EXPENSE

	THE GROUP	
	2022	2021
	MUR' 000	MUR' 000
Wages and salaries	**5,831,823**	4,396,291
Social security costs	**414,712**	370,167
Pension costs - defined contribution plans (Note 31(b))	**54,057**	65,766
Pension costs - defined benefit plans (Note 31(a))	**64,303**	74,609
Severance	**4,428**	825
Other post-retirement benefits	**(1,161)**	14,318
Others	**349,266**	224,360
Employee benefit expenses (Note 5(a))	**6,717,428**	5,146,336
Reorganisation costs (Note 5 (a) (iii))	**45,449**	154,455
Total	**6,762,877**	5,300,791

(*) Reorganisation costs comprise termination benefits on voluntary early retirement of employees.

7.(B) EXPECTED CREDIT LOSSES

	THE GROUP	
	2022	2021
	MUR' 000	MUR' 000
IFRS 9 Provisions:		
Investment in securities (Note 24)	**(1,208)**	1,413
Loans to banks (Note 23)	**-**	(7)
- Loans and advances to customers (Note 22)	**433,801**	220,535
- Trade other receivables (Note 19(g))	**20,143**	65,313
- Others	**21,607**	(1,109)
Total	**474,343**	286,145

7.(C) DEPRECIATION AND AMORTISATION

		THE GROUP	
		2022	2021
		MUR' 000	MUR' 000
Depreciation of property plant and equipment *		**1,063,715**	1,031,656
Depreciation of right of use assets	16	**212,291**	176,813
Amortisation of intangible assets	11	**114,310**	92,366
		1,390,316	1,300,835
* Depreciation property plant and equipment analysed as follows:			
Continuing operations	7(c)	**1,063,715**	1,031,656
Discontinued operations		**-**	98,526
	9(a)	**1,063,715**	1,130,182

7.(D) SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES

	THE GROUP			
	2022	2021	**2022**	2021
	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000
	Share of profit		**Other Comprehensive income**	
Joint ventures	**197,276**	(9,588)	**(26,780)**	(34,287)
Associates	**234,625**	276,892	**(18,035)**	72,845
	431,901	267,304	**(44,815)**	38,558

8. EARNINGS AND NET ASSET VALUE PER SHARE

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Basic and diluted earnings per share				
Profit attributable to owners	1,300,087	617,391	341,036	129,703
Weighted average number of ordinary shares	1,687,455	1,686,967	1,687,455	1,686,967
Earnings per share	0.77	0.37	0.20	0.08
Profit attributable to owners from continuing operations	1,587,671	755,335	341,036	129,703
Weighted average number of ordinary shares	1,687,455	1,686,967	1,687,455	1,686,967
Basic and diluted earnings per share from continuing operations	0.94	0.45	0.20	0.08
Net asset value per share				
Owners' Interest	17,715,432	14,931,409	21,079,242	15,664,672
Number of shares in issue	1,687,560	1,687,445	1,687,560	1,687,445
Net asset value per share	10.50	8.85	12.49	9.28

9.(A) PROPERTY, PLANT AND EQUIPMENT

ACCOUNTING POLICIES

Property, plant and equipment, except for freehold land and buildings and site improvements are stated at cost less accumulated depreciation and/or accumulated impairment losses, if any. Freehold land is stated at revalued amounts and buildings are stated at revalued amounts less subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at each financial year end. It is the Group's policy to revalue its freehold land and buildings at least once every three years. The basis used is market value derived using the Sales Comparison Approach and the Depreciated Replacement Cost Approach and independent valuers are used for such exercises. Any revaluation surplus is credited to other comprehensive income, except to the extent that it reverses a revaluation deficit for the same asset previously recognised in profit or loss, in which case the surplus is credited to profit or loss to the extent of the deficit previously charged. A decrease in an asset's carrying amount arising on revaluation is charged to profit or loss to the extent that it exceeds the balance, if any, held in the property revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to profit or loss. On the subsequent disposal or retirement of a revalued property, the attributable revaluation surplus remaining in the property revaluation reserve is transferred directly to the retained earnings.

9.(A) PROPERTY, PLANT AND EQUIPMENT (CONT'D)

ACCOUNTING POLICIES (CONT'D)

Properties in the course of construction are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. Freehold land and capital work in progress are not depreciated.

It is the Group's policy to maintain its buildings in a continued state of sound repair, such that their value is not significantly diminished by the passage of time or usage. Accordingly, in estimating the residual values, the Group has assessed the value of the building at the end of their useful life based on today's rate and this exercise is done by an independent qualified valuer. Therefore, buildings are depreciated on a straight-line basis to their estimated residual values over their estimated useful lives.

Leasehold land improvements are depreciated over the shorter of their useful life and the lease period. On other property, plant and equipment, depreciation is calculated on a straight-line basis to write off their depreciable amounts (cost less residual value) over their estimated useful lives.

The annual rates are as follows:

	Rate per annum
Buildings	2% to 10%
Buildings on leasehold land	2% to 12.5%
Plant, equipment and machinery	4% to 20%
Motor vehicles and boats	10% to 35%
Furniture, fittings and equipment	5% to 50%
Farming buildings and equipment	2.5% to 10%
Office, computer and other equipment	10% to 33%

The gain or loss arising on the disposal or retirement of an item (or part of an item) of property, plant and equipment is determined as the difference between the disposal proceeds and the carrying amount of the item (or part of the item, as applicable) and is recognised in profit or loss.

Work in progress is valued at the cost of the project. Costs include an appropriate portion of fixed and variable overhead expenses.

9. (A) PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Land and building	Assets under construction	Plant and machinery	Motor vehicles	Furniture, fittings & equipment	Office & Other equipment	Deer farming buildings & equipment	Total
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
(a) The Group								
COST OR VALUATION								
At 1 July 2021	21,828,851	210,462	5,127,819	359,477	4,111,937	773,517	69,532	32,481,595
Revaluation	1,882,493	-	-	-	-	-	-	1,882,493
Additions	117,774	345,800	195,535	41,772	425,289	47,661	2,388	1,176,219
Transfer to intangible assets (Note 11)	-	(901)	-	-	-	-	-	(901)
Transfer to assets classified as held for sale	-	-	850	4,783	(18,425)	(2,511)	-	(15,303)
Transfer to investment properties (Note 10)	(331,674)	-	-	-	(5,535)	-	-	(337,209)
Transfers	200,481	(332,675)	90,121	-	33,044	9,029	-	-
Write offs	-	(670)	(20,022)	(2,246)	(95,302)	(1,494)	-	(119,734)
Translation adjustment	23,899	378	5,635	911	1,714	2,683	-	35,220
Disposals	(169)	(6,089)	(8,515)	(24,617)	(6,227)	(2,927)	-	(48,544)
At 30 June 2022	23,721,655	216,305	5,391,423	380,080	4,446,495	825,958	71,920	35,053,836
DEPRECIATION								
At 1 July 2021	1,817,977	4,803	3,513,654	263,692	3,005,041	625,831	30,987	9,261,985
Revaluation	(578,310)	-	-	-	-	-	-	(578,310)
Charge for the year	421,906	-	264,394	28,598	271,115	74,158	3,441	1,063,612
Transfers	3,457	(3,457)	-	-	-	-	-	-
Transfers to assets classified as held for sale	-	-	-	6,123	(18,425)	(2,320)	-	(14,622)
Impairment charges through P&L	(3,179)	-	-	-	-	-	-	(3,179)
Transfer to investment properties (Note 10)	(19,858)	-	-	-	(2,178)	-	-	(22,036)
Write offs	-	-	(18,339)	(2,246)	(92,429)	(1,470)	-	(114,484)
Translation adjustment	6,881	(1,346)	(5,723)	939	1,236	1,878	-	3,865
Disposals	(169)	-	(8,109)	(22,523)	(4,432)	(2,762)	-	(37,995)
At 30 June 2022	1,648,705	-	3,745,877	274,583	3,159,928	695,315	34,428	9,558,836
NET BOOK VALUES								
At 30 June 2022	22,072,950	216,305	1,645,546	105,497	1,286,567	130,643	37,492	25,495,000

9. (A) PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Land and building	Assets under construction	Plant and machinery	Motor vehicles	Furniture, fittings & equipment	Office & Other equipment	Deer farming buildings & equipment	Total
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
(a) The Group								
COST OR VALUATION								
At 1 July 2020 - Restated	23,433,345	229,081	6,399,570	394,292	4,102,075	752,366	58,948	35,369,677
Revaluation surplus	1,114,447	-	-	-	-	-	-	1,114,447
Additions	210,935	125,401	81,324	26,029	283,564	50,909	10,584	788,746
Transfer to intangible assets (Note 11)	-	(1,647)	-	-	-	-	-	(1,647)
Transfer to held for sale	(448,687)	-	(1,097,267)	(8,329)	(11,314)	(18,210)	-	(1,583,807)
Other transfers	13,044	(54,695)	30,541	2,975	8,110	25	-	-
Reclassification	55,978	(60,866)	1,690	(3,391)	6,554	35	-	-
Write offs	(6,647)	(33,191)	(25,391)	(182)	(30,649)	(14,690)	-	(110,750)
Translation adjustment	228,077	6,863	98,662	9,616	44,893	27,201	-	415,312
Disposals	(2,771,641)	(484)	(361,310)	(61,533)	(291,296)	(24,119)	-	(3,510,383)
At 30 June 2021	21,828,851	210,462	5,127,819	359,477	4,111,937	773,517	69,532	32,481,595
DEPRECIATION								
At 1 July 2020 - Restated	2,333,160	4,803	4,219,025	263,916	2,941,079	567,241	27,266	10,356,490
Revaluation surplus	(61,354)	-	-	-	-	-	-	(61,354)
Charge for the year	429,124	-	307,450	47,715	253,138	89,034	3,721	1,130,182
Transfers to held for sale	(8,021)	-	(785,176)	(7,878)	(8,501)	(13,469)	-	(823,045)
Impairment charges through P&L	392,049	-	-	-	-	-	-	392,049
Write offs (*)	(1,647)	-	(25,391)	(182)	(30,485)	(14,502)	-	(72,207)
Translation adjustment	61,203	-	51,470	7,365	31,135	20,614	-	171,787
Disposal	(1,326,537)	-	(253,724)	(47,244)	(181,325)	(23,087)	-	(1,831,917)
At 30 June 2021	1,817,977	4,803	3,513,654	263,692	3,005,041	625,831	30,987	9,261,985
NET BOOK VALUES								
At 30 June 2021	20,010,874	205,659	1,614,165	95,785	1,106,896	147,686	38,545	23,219,610

* The amounts written off relate principally to fully depreciated assets which are not in use anymore. The write off of the asset under construction relates to the write off of costs incurred on a factory in India, for which construction will not continue.

9. (A) PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(c) Fair value of land and buildings

The Group carries its land and buildings at fair value. The revaluation surplus net of applicable deferred income taxes was credited to other comprehensive income and shown in 'revaluation surplus' in the statement of changes in equity.

Details of the Group's land and buildings measured at fair value and information about the fair value hierarchy as at 30 June 2022 are as follows:

	THE GROUP			
	2022	2021	**2022**	2021
	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000
Land and Building	**3,605,983**	3,403,100	**18,310,593**	16,940,967
Balance as at 30 June	**3,605,983**	3,403,100	**18,310,593**	16,940,967

The Group's main land and buildings were last revalued on 30 June 2022.

If the land and buildings were stated on the historical cost basis, the amount would be **MUR 11.4Bn** (2021: MUR 11.4Bn).

Hotels and resorts segment

(a) The Group's policy is to revalue its freehold land and buildings at least every three years and the preceding revaluation was conducted on 30 June 2021. In the aftermath of COVID-19, a revaluation exercise was carried out as at 30 June 2022 to determine if there have been any significant changes to the fair values of the property, plant and equipment. The Chartered Valuers, Elevante Property Services Ltd revalued the freehold land and buildings and revaluation adjustment was accounted for those properties where there is no indication of impairment of the cash generating units.

Freehold land was valued taking into consideration comparable sales evidences. Sales prices of comparable land in close proximity were adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square metre. The basis of valuation in estimating the market value has been undertaken in accordance with the principles set out by the International Valuation Standards Committee as per the International Valuation Application 1 (IVA 1) which deals with Valuation for Financial Reporting and which is to be used in the context of International Financial Reporting Standards (IFRSs) published by the International Accounting Standards Board (IASB).

The buildings, structures and site improvement have been valued on a depreciated replacement cost basis taking into consideration their replacement cost, with adjustments being made for age and condition. This method of valuation is based on the theory of substitution and is used in situations where it is difficult to estimate inputs to be used to calculate value due to volatile market factors. The most significant input into this method of valuation is the replacement cost per square metre.

(b) Management assessed the recoverable amount of assets for which indicators of impairment exists as at 30 June 2022.

(c) Hierarchy level

Details of the Group's freehold land and buildings and site improvements and information about the fair value hierarchy are as follows:

	THE GROUP		
	Level 1	Level 2	Level 3
	MUR' 000	MUR' 000	MUR' 000
2022			
Freehold land	-	3,496,183	-
Buildings and improvement to leasehold land	-	-	12,091,279
Site improvements	-	-	597,332
Balance as at 30 June 2022	-	3,496,183	12,688,611

There were no transfers from one level to another during the year.

9.(A) PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(c) Fair value of land and buildings (Cont'd)

Hotels and resorts segment (Cont'd)

(d) Bank borrowings are secured on fixed and floating charges on property, plant and equipment of the Group and the Company.

The following summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements:

	Valuation technique and key inputs	Sensitivity used	Effect on fair value Increase/(decrease)	
			2022	2021
			MUR '000	MUR '000
Buildings and improvement to leasehold land	Depreciated replacement cost approach	1% increase in current cost of replacing property	**120,913**	105,778
		1% decrease in current cost of replacing property	**(120,913)**	(105,778)
Site improvements	Depreciated replacement cost approach	1% increase in current cost of replacing property	**5,973**	5,912
		1% decrease in current cost of replacing property	**(5,973)**	(5,912)

Property Segment

(a) The freehold land of Ferney Limited ("FL") relates to hunting ground, sugar cane fields, land surrounding the factory and fallow land as well as land earmarked for the Ferney Integrated Development Project under a Smart City Scheme developed through Ferney Development Limited ("FDL"). These lands were valued by CDDS Land Surveyors and Property Valuer, an independent and professionally qualified valuer, as at 30 June 2022. The valuation of land was derived using the residual approach and sales comparison approach by reference to land transactions in the vicinity and the buildings using the depreciated replacement cost.

(b) Ferney Integrated Development Project: On 17 November 2020, the Economic Development Board issued a letter of intent to FDL pursuant to Regulation 9(3) of the SCS Regulations. The letter of intent is issued on the basis that FDL will develop a Smart City Project based on five pillars - Sustainability, Agri-Hub, Nature and Science Economy, Eco-Tourism, of an extent of 500 Hectares under the Smart City Scheme (the "Scheme").

(c) The land (the "earmarked land") that has been earmarked for the purposes of carrying out the smart city development is currently owned by FL: the extent of the earmarked land is 500 Hectares so that a change in the ownership of the earmarked land from FL to FDL is required to enable FDL to develop the earmarked land in accordance with the Investment Promotion (Smart City Scheme) Regulations 2015. The earmarked land was previously valued at MUR0.6M per acre and the objective is to revalue the land based on the Smart City project. In May 2022, FDL obtained its Smart City Certificate.

9.(A) PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(c) Fair value of land and buildings (Cont'd)

Property Segment (Cont'd)

(d) Basis of valuation of the earmarked land: The residual method of valuation is to estimate the possible revenue of the developable land and assuming all Smart City permits are granted net of all the costs of developing the entire Smart City, mostly being the cost of construction of the buildings and services, to end up with a value of bare developable land.

(e) In June 2021, the earmarked land had been valued at MUR 195M giving rise to a fair value increase of MUR 115M which was credited to revaluation reserves in shareholders' equity. This represented an average estimated price per acre is MUR 1.5M. There has been no further increase/decrease in the valuation of land in the year ended 30 June 2022 following the desktop review done in 2022.

(f) In May 2022, a transfer of MUR 301M has been made from FL to FDL against an additional issue of shares.

(g) The land is classified as level 3 on the fair value hierarchy.

Significant valuation input:	Fair value	Range
	MUR	MUR
Price per hectare – earmarked land	-	8,292 – 2,200,000
Price per hectare - remaining land	1,222,130	474 – 14,215

	Fair value at			Range of inputs		
	2022	2021		**2022**	2021	
Description	**MUR '000**	MUR '000	Unobservable inputs	**%**	%	Relationship of unobservable inputs to fair value
Earmarked land	**-**	194,780	Capitalisation rate	**1% - 9%**	1% - 9%	The higher the capitalisation rate and expected vacancy rate, the lower the fair value
			Expected vacancy rate	**0% - 7.5%**	0% - 7.5%	
Other land	**1,222,130**	1,106,800	Years purchase	**3% - 5%**	3% - 5%	The higher the capitalisation rate and expected vacancy rate, the lower the fair value
			Expected vacancy rate	**5%**	5%	
			Discount rate	**5%**	5%	The higher the discount rate and terminal yield, the lower the fair value
			Terminal yield	**3% - 5%**	3% - 5%	
			Rental growth rate	**6.70%**	6.70%	The higher the rental growth rate and terminal yield, the higher the fair value

9.(A) PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(c) Fair value of land and buildings (Cont'd)

Financial services segment

At 30 June 2022, an independent valuation was performed by an independent qualified valuer, Cabinet Razafindratandra for land and buildings located at the headquarters in Madagascar. The properties were valued at **MUR 999M** (2021: MUR 854M). The external valuations have been performed using sales comparison approach and depreciated replacement cost basis.

(a) Valuation inputs and relationships to fair value

Valuation model	Replacement Cost
Unobservable inputs	Obsolescence Rate/ Unobservable sale price per square meter
Range of inputs	**4.28 % to 31.24%** (2021: 6.02% - 53.22%)

(b) Sensitivity analysis

A 5% increase or decrease in the obsolescence rate would lead to a decrease/increase of **MUR 35.2M** (2021: MUR 27.1M) in the fair value of land and building.

Healthcare segment

The revalued land and buildings consist of office and clinic premises. Management determined that these constitute one class of assets under IFRS 13, based on the nature, characteristics and risks of the property.

The C-Care Group's land and building are stated at their revalued amounts. The land and building were valued in June 2022. The valuation was performed by an independent valuer CDDS Valuation and Land Survey, Certified Practising Valuer, who has the appropriate qualification and experience in the fair value measurement of properties in the relevant location. Valuation is performed by the valuer using on-market comparable method for Land & Cost approach for building.

The land is classified as level 2 for C-Care and level 3 for International Medical Group and buildings are classified as level 3 on the fair value hierarchy.

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis at 30 June 2022 and 2021 are shown below:

The main inputs used in the valuation approach ranged as follows:

Description	Fair value at June 30		Valuation technique	Unobservable inputs	Range of Unobservable inputs (Probability - weighted average)	Relationship of Unobservable inputs to fair value
	2022	2021				
	MUR '000	MUR '000				
Land	**154,720**	178,170	On market comparable	Price per Square metre	MUR 4,250-MUR 5,000 per square metre	The higher the price per square metre, the higher the fair value
Building	**742,382**	654,809	Replacement less depreciation	Price per Square metre	MUR 3,000-MUR 28,500 per square metre	The higher the price per square metre, the higher the fair value
	897,102	832,979				

9.(A) PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(c) Fair value of land and buildings (Cont'd)

Textile Segment

The Textile Segment engages external, independent and qualified valuers to determine the fair value of the Segment's land and buildings on a regular basis. The latest valuation was performed during the year ended June 30, 2020 and the fair value of the land and buildings have been determined by CDDS Land Surveyors and Property Valuer; Ratsimbazafy Ihanta Evelyne; Kumar & Associates, S. Pichaiya & associates and Jorip O Paridarshan Company Limited for land and buildings held in Mauritius, Madagascar, India and Bangladesh respectively.

The external valuations of level 3 land and buildings were performed using:

(i) a sales comparison approach, and

(ii) replacement cost less depreciation approach.

Given that there were limited or no similar sites in the vicinity in which the land and buildings of the Segment were located, the external valuers determined the inputs based on the size, age and condition of the land and buildings, the state of the local economy and comparable prices where relevant.

Information about fair value measurements using significant unobservable inputs (Level 3)

Description	2022 MUR'000	2021 MUR'000	Valuation Technique	Unobservable inputs	Range of Unobservable Inputs (probability – weighed Average)	Relationship of unobservable inputs to fair value
Manufacturing sites – Mauritius	1,125,156	1,103,107	Sales comparison and replacement cost less depreciation approach	Price per square metre	MUR 1,186-MUR 1,895/square metre (land) and MUR 450- MUR 128,000/ square metre (buildings)	The higher the price per square metre, the higher the fair value
Manufacturing sites – Madagascar	634,997	606,911	Sales comparison and replacement cost less depreciation approach	Price per square metre	MGA 45,000 - MGA 1,065,000/ square metre (land) and MGA 30,090 - MGA 1,102,200 (buildings)	The higher the price per square metre, the higher the fair value

9.(A) PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(c) Fair value of land and buildings (Cont'd)

Textile Segment (Cont'd)

Description	2022 MUR'000	2021 MUR'000	Valuation Technique	Unobservable inputs	Range of Unobservable Inputs (probability – weighed Average)	Relationship Of unobservable inputs to fair value
Manufacturing sites – Asia	811,354	802,667	Sales comparison and replacement cost less depreciation approach	1 bigha equivalent to 33 decimals and square feet for land and square feet for building	Tk. 1742424 / decimal for the land and Tk.850-Tk.1,450 per sq.ft for the building. INR.12,500,000/acre for land and INR.1,800 per sq.ft for the building. INR 3,250,000/acre for land and INR.432-INR.19,250 per sqm for the building	The higher the price per bigha/ square feet, the higher the fair value
	2,571,507	2,512,685				

There were no transfers between Levels 1, 2 and 3 during the year.

10. INVESTMENT PROPERTIES

ACCOUNTING POLICIES

Investment properties, held to earn rentals or for capital appreciation or both and not occupied by the Group are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at fair value, representing open-market value as determined periodically by the directors subsequent to the valuation carried out by external valuer. Changes in fair values are included in profit or loss. When the use of property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

10. INVESTMENT PROPERTIES (CONT'D)

	THE GROUP	
	2022	2021
Fair value model	MUR '000	MUR '000
At 1 July	2,741,592	1,780,315
Additions	-	-
Disposals	(9,225)	(6,341)
Transfer from property, plant and equipment (Note 9(a))	315,173	-
Transfer from/to non-current assets held for sale (Note 21)	379,700	-
Increase in fair value	185,052	959,638
Exchange differences	1,950	7,980
At 30 June	3,614,242	2,741,592

The investment properties relate mainly to those of BNI Madagascar, CIEL Textile Group and Ferney Limited.

	2022	2021
BNI Madagascar	229,828	212,566
CIEL Textile Group	698,577	-
Ferney Group	2,685,837	2,529,026
	3,614,242	2,741,592

BNI Madagascar

The investment properties were fair valued by Cabinet Razafindratandra, an independent professionally qualified valuer. The fair value was determined based on the replacement cost method whereby the valuation of the properties is discounted based on the future evolution of the zone in which the properties are found, the surrounding constructions access to infrastructure and the topography of the land.

(a) Valuation inputs and relationships to fair value

Valuation model	Replacement Cost
Unobservable inputs	Obsolescence Rate/ Unobservable sale price per square meter
Range of inputs	**4.28% to 31.24%** (2021: 6.02% to 53.22%)

(b) Sensitivity analysis

A 5% increase or decrease in the obsolescence rate would lead to a decrease/increase of **MUR 11.7M** (2021: MUR 10.6M) in the fair value of investment properties.

10. INVESTMENT PROPERTIES (CONT'D)

Ferney Group

(a) The investment properties of Ferney Limited ("FL") comprise sugarcane land and agricultural land held for rental purposes as well as land earmarked for the Ferney Integrated Development Project under a Smart City Scheme developed through Ferney Development Limited ("FDL"). These lands were valued by CDDS Land Surveyors and Property Valuer, an independent and professionally qualified valuer, as at 30 June 2021. The valuation of land was derived using the residual approach and sales comparison approach by reference to land transactions in the vicinity.

(b) Ferney Integrated Development Project: On 17 November 2020, the Economic Development Board issued a letter of intent to FDL pursuant to Regulation 9(3) of the SCS Regulations. The letter of intent is issued on the basis that FDL will develop a Smart City Project based on five pillars - Sustainability, Agri-Hub, Nature and Science Economy, Eco-Tourism, of an extent of 500 Hectares under the Smart City Scheme (the "Scheme").

(c) The land (the "earmarked land") that has been earmarked for the purposes of carrying out the smart city development is currently owned by FL: the extent of the earmarked land is 500 Hectares so that a change in the ownership of the earmarked land from FL to FDL is required to enable FDL to develop the earmarked land in accordance with the Investment Promotion (Smart City Scheme) Regulations 2015. The earmarked land was previously valued at MUR0.6M per acre and the objective is to revalue the land based on the Smart City project. In May 2022, Ferney Development Ltd obtained its smart city certificate from the Economic Development Board.

(d) Basis of valuation of the earmarked land: The residual method of valuation is to estimate the possible revenue of the developable land and assuming all Smart City permits are granted net of all the costs of developing the entire Smart City, mostly being the cost of construction of the buildings and services, to end up with a value of bare developable land.

(e) In the year ended 30 June 2021, the earmarked land had been valued at MUR 1,576M giving rise to a fair value increase of MUR 942M. This represented an average estimated price per acre is MUR 1.5M. There has been no further increase/decrease in the valuation of investment property in the year ended 30 June 2022 following the desktop review done in 2022.

(f) The investment properties are classified as level 3 on the fair value hierarchy.

Significant valuation input:	Fair value	Range
	MUR	MUR
Price per hectare – Smart City	1,911,549	8,292 – 2,200,000
Price per hectare - remaining land	774,288	533 - 17,769

	THE GROUP	
	2022	2021
	MUR '000	MUR '000
Rental income	16,924	15,759
Direct operating expenses arising from investment properties that generate recurring rental income	1,520	1,250

(g) The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements.

10. INVESTMENT PROPERTIES (CONT'D)

(h)

Description	Fair value at 2022 MUR '000	Fair value at 2021 MUR '000	Unobservable inputs	Range of inputs 2022 %	Range of inputs 2021 %	Relationship of unobservable inputs to fair value
Smart City	**1,911,549**	1,576,610	Capitalisation rate	**1% - 9%**	1% - 9%	The higher the capitalisation rate and expected vacancy rate, the lower the fair value
			Expected vacancy rate	**0% - 7.5%**	0% - 7.5%	
Remaining land	**774,288**	810,979	Years purchase	**3% - 5%**	3% - 5%	The higher the capitalisation rate and expected vacancy rate, the lower the fair value
			Expected vacancy rate	**5%**	5%	
			Discount rate	**5%**	5%	The higher the discount rate and terminal yield, the lower the fair value
			Terminal yield	**3% - 5%**	3% - 5%	
			Rental growth rate	**6.70%**	6.70%	The higher the rental growth rate and terminal yield, the higher the fair value

(i) There were no transfers between levels during the year.

(j) Sensitivity analysis

A 1% increase/decrease in the capitalisation rate and years purchase rate would lead to a decrease/increase of **MUR 97.2M/ MUR 127.6M** in the fair value of the investment properties.

CIEL Textile Group

The investment properties were fair valued by CDDS Land Surveyors and Property Valuer, an independent professionally qualified valuer, as at 30 June 2022. The value was derived using the sales comparison approach by reference to land transactions in the vicinity and direct income approach.

	Fair value MUR' 000	Range MUR' 000
Price per hectare - land	236,230	1.8 to 5.6
Price per m² - Building	877,150	13 to 300

10. INVESTMENT PROPERTIES (CONT'D)

Valuation inputs and relationships to fair value

Description	Fair value MUR'000	Valuation model	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
- Industrial buildings / Manufacturing sites	549,000	Direct income approach	All risk yield Equated yield Vacancies	8% 11.1% 5-12.5%	The higher the all risk yield, the higher the equated yield which leads to a lower fair value. The higher the vacancy rate, the lower the fair value.
- Office buildings	557,140	Sales comparison	Capitalisation rate Expected vacancy rate	7.5%	The higher the capitalisation rate and expected vacancy rate, the lower the fair value
- Other buildings	7,240	Direct comparison	Years purchase (YP) to perpetuity	6.25%	The higher the YP to perpetuity rate, the lower the fair value

Sensitivity analysis

1% increase/decrease in the capital would lead to a decrease/increase of **MUR 29.9M/MUR 32.0M** in the fair value of the properties.

The investment properties are classified as level 3 on the fair value hierarchy. There was no transfer between levels during the year.

11. INTANGIBLE ASSETS

ACCOUNTING POLICIES

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

Goodwill with an indefinite life is not subject to amortisation and is tested annually for impairment or more frequently if events and changes in circumstances indicate that they might be impaired. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gains and losses on disposal.

Goodwill is allocated to cash generating units for the purpose of impairment testing. Any impairment is presented separately on the face of the statement of profit or loss and other comprehensive income.

Computer software

Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software and are amortised using the straight-line method over their estimated useful lives (1 - 8 years).

- Costs associated with developing or maintaining computer software are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software controlled by the Group and that will generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.
- Direct costs include the software development employee costs and an appropriate portion of relevant overheads. Computer software development costs, recognised as assets, are amortised over their estimated useful lives, not exceeding 3 years.

11. INTANGIBLE ASSETS (CONT'D)

(a) The Group	Computer Software MUR '000	Development Cost MUR '000	Goodwill MUR '000	Total MUR '000
Year ended 30 June 2022				
COST				
At 1 July 2021	769,450	7,235	1,308,484	2,085,169
Additions	45,259	1,613	-	46,872
Transfer from property, plant & equipment (Note 9(a))	901	-	-	901
Disposal	(209)	(172)	-	(381)
Translation adjustment	2,237	2,744	-	4,981
Transfer to non-current assets held for sale (Note 21)	(937)	-	(19,062)	(19,999)
Write offs	(6,610)	(6,346)	-	(12,956)
At 30 June 2022	810,091	5,074	1,289,422	2,104,587
AMORTISATION				
At 1 July 2021	578,636	5,398	32,357	616,391
Charge for the year	114,310	-	-	114,310
Disposal	(7)	(137)	-	(144)
Translation adjustment	1,438	2,744	-	4,182
Write offs	(6,610)	(6,225)	-	(12,835)
Transfer to non-current assets held for sale (Note 21)	(929)	-	-	(929)
At 30 June 2022	686,838	1,780	32,357	720,975
NET BOOK VALUES				
At 30 June 2022	123,253	3,294	1,257,065	1,383,612

11. INTANGIBLE ASSETS (CONT'D)

(a) The Group	Computer Software MUR '000	Development Cost MUR '000	Goodwill MUR '000	Total MUR '000
Year ended 30 June 2021				
COST				
At 1 July 2020	742,264	8,552	1,308,484	2,059,300
Additions	32,652	-	-	32,652
Transfer from property, plant & equipment (Note 9(a))	1,647	-	-	1,647
Translation adjustment	23,211	(1,279)	-	21,932
Transfer to non-current assets held for sale (Note 21)	(16,033)	-	-	(16,033)
Write offs	(14,291)	(38)	-	(14,329)
At 30 June 2021	769,450	7,235	1,308,484	2,085,169
AMORTISATION				
At 1 July 2020	497,213	5,125	32,357	534,695
Charge for the year	92,334	32	-	92,366
Translation adjustment	5,414	241	-	5,655
Write offs	(2,909)	-	-	(2,909)
Transfer to non-current assets held for sale (Note 21)	(13,416)	-	-	(13,416)
At 30 June 2021	578,636	5,398	32,357	616,391
NET BOOK VALUES				
At 30 June 2021	190,814	1,837	1,276,127	1,468,778

11. INTANGIBLE ASSETS (CONT'D)

The breakdown of the goodwill is:

	2022 MUR '000	2021 MUR '000
Healthcare segment	798,148	798,148
Hotels and resorts segment	225,024	225,024
Financial services segment	233,893	252,955
	1,257,065	1,276,127

Impairment testing of goodwill

Healthcare Segment

The key assumptions used for the impairment calculation are:

Operating profit margin: Operating profit margin is based on average values achieved in the year preceding the start of the budget period.

Discount rate: Discount rate represents the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and specific risk of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on specific circumstances of the Company and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into consideration both debt and equity. The cost of equity is derived by using comparable industries data and adjust for the country risk and size for the company. The cost of debt is based on the interest-bearing borrowings.

Growth rate estimates: Rates are based on management's best estimates of the Group's and industry's growth rate.

Goodwill has been allocated for impairment testing purposes to the following cash generating units:

		2022 MUR'000	2021 MUR'000
IMG Group	(i)	207,203	207,203
C-Care Group :			
C-Care (Mauritius) Ltd (previously known as Medical and Surgical Centre Ltd)	(ii)	240,378	240,378
Wellkin Hospital	(iii)	343,059	343,059
Department of Cardiac	(iv)	7,508	7,508
		798,148	798,148

(i) IMG Group

The recoverable amount of this cash-generating unit is determined based on the fair value less costs to sell calculations. These calculations use cash flow projections based on financial budgets and forecasts approved by management. Fair value was determined by using an appropriate discount rate to discount future cash flows generated from IMG Group. The discount rate calculation is based on specific circumstances of the cash generating units and a rate of **22.40%** (2021: 20.69%) has been estimated. The terminal value has been computed by capitalising the net income prevailing at the end of the cash flow projections, using a growth rate of **6%** (2021: 6%) and discounting at an appropriate rate.

	2022 MUR '000	2021 MUR '000
Sensitivity to changes in assumptions - IMG Group		
Discount factor +0.5% point	(20,000)	(27,000)
Discount factor -0.5% point	21,000	30,000
Terminal Growth rate +0.5% point	6,000	10,400
Terminal Growth rate -0.5% point	(6,000)	(9,700)

11. INTANGIBLE ASSETS (CONT'D)

Impairment testing of goodwill (Cont'd)

Healthcare Segment (Cont'd)

(ii) C-Care (Mauritius) Limited

C-Care is listed on the Development Enterprise Market (DEM) on the Stock Exchange of Mauritius. As at 30 June 2022, the investment in C-Care has been valued using the Volume Weighted Average Price ("VWAP") model as management considers it is a more appropriate valuation of the Company. The share price as at 30 June 2022 was **MUR 17.20** (2021: MUR 19.70) and the VWAP used for valuing the investment was **MUR 18.82** (2021: MUR 10.35).

(iii) Wellkin Hospital

The recoverable amount of this cash generating unit is Rs. 5.4bn. This has been based on the overall contribution of Wellkin to C-Care- the valuation of C-Care being explained above.

(iv) Department of Cardiac

The recoverable amount of Department of Cardiac Cash Generating Unit of MUR7.5M has been determined based on its fair value less cost to sell. These calculations use cash flow projections based on financial budgets approved by senior management covering a five-year period. The discount rate applied to the cash flow projections is **9.3%** (2021: 9.25%). Management has used its past experience in determining the value of each assumption. As a result of the analysis, management did not identify any impairment.

	2022 MUR '000	2021 MUR '000
Sensitivity to changes in assumptions - Department of Cardiac		
Discount factor +0.5% point	(6,000)	(6,000)
Discount factor -0.5% point	24,000	24,000
Terminal Growth rate +0.5% point	7,000	7,000
Terminal Growth rate -0.5% point	(7,000)	(7,000)

Financial services segment

Goodwill has been allocated for impairment testing purposes to the following cash generating units.

	2022 MUR '000	2021 MUR '000
Indian Ocean Financial Holdings Limited (Group)	163,378	163,378
Investment Professionals Ltd	-	19,062
Mitco Group Ltd	70,515	70,515
	233,893	252,955

Goodwill is attributable to the above-named companies' strong position and profitability in their respective market and to their workforce. The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of the cash generating units (CGUs) was determined based on the higher of the fair value and the value in use computed using either a dividend discount model or a discounted cash flow model. The use of both methods requires the use of assumptions, which have been disclosed below for the value in use.

11. INTANGIBLE ASSETS (CONT'D)

Impairment testing of goodwill (Cont'd)

Financial services segment (Cont'd)

2022	BNI Madagascar SA	Investment Professionals Ltd	MITCO Group Ltd
Risk-free rate (%)	8.63%	-	5.31%
Equity beta	0.70	-	0.71
Specific risk premium (%)	4.00%	-	4.00%
Equity market risk premium (%)	10.67%	-	6.12%
Cost of equity / Weighted Average Cost of Capital (%)	18.89%	-	13.66%
Growth (%)	3.00%	-	3.00%
Model	Dividend Discount Model	-	Discounted Cash Flow Model
Number of years	4	-	3
2021	BNI Madagascar SA	Investment Professionals Ltd	MITCO Group Ltd
Risk-free rate (%)	9.50%	4.31%	4.31%
Equity beta	0.74	0.7	0.7
Specific risk premium (%)	4.00%	3.00%	3.00%
Equity market risk premium (%)	9.84%	5.98%	5.98%
Cost of equity / Weighted Average Cost of Capital (%)	19.67%	10.60%	10.60%
Growth (%)	3.00%	3.00%	3.00%
Model	Dividend Discount Model	Dividend Discount Model	Discounted Cash Flow Model
Number of years	4	3	3

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	Approach used to determine values
Risk-free rate (%)	Reflects the risk-free rate applicable to the country, for instance, the 20-year (2021: 20-year) bond rate or 3 year in the case of Madagascar
Equity beta	Volatility of a stock compared to the market. Applicable rate in country used.
Specific risk premium (%)	Return in excess of the risk-free rate that an asset is supposed to yield based on country in which the investment operates as well as its segment.
Cost of equity/ Weighted Average Cost of Capital (%)	Firm's cost of capital and is not determined by management but rather by external factors. However, this is validated against the general risk appetite framework put in place by the controlling shareholder.
Growth (%)	Based on forecasts and business plans of the investee company

11. INTANGIBLE ASSETS (CONT'D)

Impairment testing of goodwill (Cont'd)

(c) Significant estimate: Impact of possible changes in key assumptions

	BNI Madagascar SA	Investment Professionals Ltd	Mitco Group Ltd
2022			
Cost of equity / Weighted Average Cost of Capital (%)	**+ 5%**	**+ 5%**	**+ 5%**
Impact on Goodwill	**(MUR 13M)**	**Nil**	**Nil**
2021			
Cost of equity / Weighted Average Cost of Capital (%)	+ 5%	+ 5%	+ 5%
Impact on Goodwill	Nil	(MUR 5M)	Nil

Hotels and resorts segment

Below is an overview of the methods and key assumptions used at the end of the reporting period, to determine recoverable amounts for CGUs or groups of CGUs.

		2022		2021	
		Sun managed resorts*	Resorts managed by external operators**	Sun managed resorts*	Resorts managed by external operators**
Carrying value of Goodwill	MUR'000	-	223,689	-	223,689
Carrying value of property, plant and equipment	MUR'000	8,396,191	8,514,657	6,594,571	7,344,170
Recoverable amount method		Value in use and Market value	Value in use and Market value	Value in use	Value in use
Period of projected cash flows	Years	10	10	5 - 7	7 - 10
Terminal capitalisation rate	%	9.50%	9.00%	6.00%	6.00% - 7.25%
Discount rates	%	12.00%	11.50%	10.80%	10.80% - 11.25%

*Sun managed resorts refer to Wolmar Sun Hotels Limited, Long Beach Resort Ltd, City and Beach Hotels (Mauritius) Limited and Loisirs des Iles Ltée. Wolmar Sun Hotels Limited, Long Beach Resort Ltd and City and Beach Hotels (Mauritius) Limited were valued based on projected cash flows and Loisirs des Iles Ltée was valued based on sales comparison approach.

**Resorts managed by external operators refer to Anahita Hotel Limited and SRL Touessrok Hotel Ltd, of which Sun Limited owns 100% and 74% respectively. These resorts were valued based on present value of projected cash flows.

11. INTANGIBLE ASSETS (CONT'D)

Impairment testing of goodwill (Cont'd)

The recoverable amounts of the CGUs would equal their carrying amounts if the key assumption, i.e. discount rate, was to change as follows:

	2022		2021	
	From	To	From	To
Change in discount rate				
Anahita Hotel Limited	11.50%	16.16%	10.80%	14.13%
City and Beach Hotels (Mauritius) Limited	12.00%	26.57%	10.80%	22.53%
Long Beach Resort Ltd	12.00%	22.91%	10.80%	11.80%
Wolmar Sun Hotels Limited	12.00%	24.23%	10.80%	26.23%
SRL Touessrok Hotel Ltd	11.50%	15.60%	11.25%	11.98%

Sensitivity Analysis	Decrease of 0.5% in discount rate	Increase of 0.5% in terminal value	Increase of 1% in occupancy rate
	MUR'000	MUR'000	MUR'000
2022	1,010,004	619,724	423,724
2021	1,760,984	851,079	890,683

12. INVESTMENTS IN SUBSIDIARY COMPANIES

ACCOUNTING POLICIES

Separate financial statements

In the separate financial statements of the investor, investments in subsidiary companies are carried at fair value. On adoption of IFRS 9, the Group made an irrevocable election at the time of initial recognition to account for equity investments at fair value through OCI ('FVOCI'). There is no subsequent reclassification of fair value gains and losses to profit and loss following the derecognition of these investments. On disposal of these equity investments, any related balance within the FVOCI reserve is reclassified to retained earnings.

Consolidated financial statements

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired are recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss as a bargain purchase gain.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

11. INTANGIBLE ASSETS (CONT'D)

Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount being recognised in profit and loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets and liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to retained earnings.

Fair value hierarchy

This section explains the judgements and estimates made in determining fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its investments in subsidiaries into the three levels prescribed under the accounting standards.

(a) The Company	MUR '000	MUR '000	MUR '000	MUR '000
	Level 1	Level 2	Level 3	Total
VALUATION				
At 1 July 2021	-	2,963,017	15,280,617	18,243,634
Fair value adjustment	-	1,666,407	3,730,109	5,396,516
Redemptions	-	-	(129,345)	(129,345)
At 30 June 2022	-	4,629,424	18,881,381	23,510,805

	MUR '000	MUR '000	MUR '000	MUR '000
	Level 1	Level 2	Level 3	Total
VALUATION				
At 1 July 2020	496,764	1,422,671	11,009,482	12,928,917
Additions	-	-	54,018	54,018
Fair value adjustment	687,914	355,668	4,217,117	5,260,699
Transfers	(1,184,678)	1,184,678	-	-
At 30 June 2021	-	2,963,017	15,280,617	18,243,634

12. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

Redemptions

(i) On 15 February 2022, C-Care (International) Ltd (previously known as CIEL Healthcare Ltd), reduced its stated capital by MUR 200M. CIEL Limited share was MUR 106M.

(ii) During the financial year, CIEL Finance Ltd redeemed MUR 31M of its redeemable shares. CIEL Limited's share was MUR 23M.

Specific valuation techniques used to value the Company's investments include:

Level 1 investments - Unadjusted quoted prices have been used to value these investments.

Level 2 investments - The quoted prices, adjusted by a 10% premium has been used to value investments. This is explained by the fact that the Company holds a controlling stake in those subsidiaries and would expect to offer such a premium, should it wish to acquire more shares in these entities. This premium falls within the range of those offered on previous similar transactions.

Level 2 investments adjusted quoted price on DEM - Investment has been valued using the Volume Weighted Average Price ("VWAP") model as at 30 June 2022 as management considers it is a more appropriate valuation of the Company.

Where appropriate, the ratio of the cumulative share price to the cumulative volume traded over a given time period has been used to fair value the investment.

Valuation inputs and relationships to fair value

CIEL Finance Limited

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

Description	Fair value MUR'000	Valuation technique	Unobservable inputs	Range of inputs	
30-Jun-22					
CIEL Finance Limited	2,582,931	Price-earnings ratio	Price-earnings ratio	10	(i)
		Price to Book	Price to Book	1.8 X	(ii)
30-Jun-21					
CIEL Finance Limited	2,623,716	Price-earnings ratio	Price-earnings ratio	10	(i)
		Dividend discount model	Weighted-average cost of capital	19.70%	(iii)

Relationship of unobservable inputs to fair value

(i) Increase in PE ratio by **2.5 %** (2021 - 2.5%) would increase fair value by **MUR 104M** (2021 - MUR 111M).

(ii) Increase in Price to Book multiple by **2.5%** (2021 – Nil) would increase fair value by **MUR 19 M** (2021 – Nil)

12. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

Valuation inputs and relationships to fair value (Cont'd)

CIEL Textile Limited

Description	Fair value MUR '000	Valuation technique	Unobservable inputs	Range of inputs
30-Jun-22				
CIEL Textile Limited *	7,049,191	Discounted Cash Flow	Weighted-average cost of capital	10.40% - 11.20%
			Terminal Growth Rate	2% - 3.4%
				MUR '000
Sensitivity to changes in assumptions				
Terminal +0.5% point				555,000
Terminal -0.5% point				(555,000)
Weighted-average cost of capital +0.5% point				577,000
Weighted-average cost of capital -0.5% point				(577,000)

Description	Fair value MUR '000	Valuation technique	Unobservable inputs	Range of inputs
30-Jun-21				
CIEL Textile Limited	5,446,700	Discounted Cash Flow	Weighted-average cost of capital	10.6%-11.4%
			Terminal Growth Rate	2%-3.5%
				MUR '000
Sensitivity to changes in assumptions				
Terminal +0.5% point				75,000
Terminal -0.5% point				(71,000)
Weighted-average cost of capital +0.5% point				(567,000)
Weighted-average cost of capital -0.5% point				651,000

* CIEL Textile Limited value includes 75.94% of Evolis group. Evolis Group has been valued at its net asset value as it holds mainly investment properties. The properties have been fair valued at year end by CDDS using the Discounted Cash Flow model.

The net assets value of Evolis as at June 30, 2022 was MUR 1.2Bn. CTL's share represents MUR 940M.

CIEL Agro Limited, CIEL Properties Limited and CIEL Healthcare Limited have been valued at their net asset value as they hold mainly investments in two quoted entities, which have been valued using the prevailing quoted price and adjusted quoted price, where appropriate.

12. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

Valuation inputs and relationships to fair value (Cont'd)

C-Care (Mauritius) Ltd

C-Care is listed on the Development Enterprise market (DEM) of the Stock Exchange of Mauritius. As at 30 June 2022, the investment in C-Care has been valued using the Volume Weighed Average Price ("VWAP") as management considers it is a more appropriate valuation of the company. Investment is reported as Level 2 investment in the fair value hierarchy. The share price as at 30 June 2022 was **MUR 17.20** (2021: MUR 19.70) and the VWAP used for valuing the investment was **MUR 18.82** (2021: MUR 10.35).

Valuation process

Management has a team that performs the valuations of non-property items required for financial reporting purposes, including level 3 fair values.

The team reports to the Chief Financial Officer (CFO) and the Audit Committee (AC). Discussions of valuation processes and results are held between the CFO, AC and the valuation team quarterly, in line with the group's quarterly reporting periods.

The main level 3 inputs used by the group are derived and evaluated as follows:

- Discount rates for financial assets and financial liabilities are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.
- Risk adjustments specific to the counterparties (including assumptions about credit default rates) are derived from credit risk gradings determined by VALUE IFRS Plc's internal credit risk management group.
- Earnings growth factors for unlisted equity securities are estimated based on market information for similar types of companies.
- Contingent consideration – expected cash inflows are estimated based on the terms of the sale contract and the entity's knowledge of the business and how the current economic environment is likely to impact it.

Changes in level 2 and level 3 fair values are analysed at the end of each reporting period during the quarterly valuation discussion between the CFO, AC and the valuation team. As part of this discussion the team presents a report that explains the reason for the fair value movements.

12. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(b) The list of the Group's significant subsidiaries is as follows:

Name of subsidiary company	Class of Shares	Year End	Denominated Currency	Stated capital		Percentage holding		Proportion of ownership interests held by non-controlling interests		Country of Incorporation / Principle place of business	Main business
				2022	2021	2022	2021	2022	2021		
						Direct	Direct				
				000's	000's	%	%	%	%		
CIEL Agro Limited (formerly known as CIEL Agro & Property Limited)**	Ordinary	30 June	MUR	1,413,865	1,413,865	100.00	100.00	-	-	Mauritius	Investment
CIEL Properties Limited**	Ordinary	30 June	MUR	2,177,701	2,177,701	100.00	100.00	-	-	Mauritius	Investment
CIEL Corporate Services Ltd	Ordinary	30 June	MUR	25	25	100.00	100.00	-	-	Mauritius	Management services
CIEL Finance Limited	Ordinary	30 June	MUR	1,933,231	1,933,231	75.10	75.10	24.90	24.90	Mauritius	Investment
C-Care (International) Ltd (formerly known as CIEL Healthcare Limited)	Ordinary	30 June	MUR	1,637,895	1,637,895	53.03	53.03	46.97	46.97	Mauritius	Investment
CIEL Textile Limited	Ordinary	30 June	MUR	685,865	685,865	100.00	100.00	-	-	Mauritius	Investment
Rockwood Textiles Ltd	Ordinary	30 June	MUR	1	1	100.00	100.00	-	-	Mauritius	Property
Sun Limited	Ordinary	30 June	MUR	1,945,451	1,945,451	50.10	50.10	49.90	49.90	Mauritius	Investment
C-Care (Mauritius) Ltd*	Ordinary	30 June	MUR	289,801	289,801	20.08	20.08	44.17	44.17	Mauritius	Healthcare Services

* CIEL Limited indirectly holds 35.75% of C-Care (Mauritius) Ltd through CIEL Healthcare Limited and the effective shareholding is 55.83%.

12. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(c) Summarised financial information on subsidiaries with material non-controlling interests.

2022	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Profit for the year	Other Comprehensive income	Non-controlling interests
	MUR '000	MUR '000	MUR '000	MUR '000	MUR '000	MUR '000	MUR '000	MUR '000
CIEL Textile Limited – Group[1]	9,940,118	6,131,583	9,310,036	1,590,222	15,464,671	896,319	135,000	110,963
Sun Limited – Group	2,278,667	19,730,693	3,356,974	8,112,062	4,840,319	200,080	2,251,008	167,637
CIEL Finance Limited – Group	28,432,322	19,838,400	41,702,083	1,517,743	4,535,807	702,959	79,400	460,568
CIEL Healthcare Limited – Group[2]	1,289,501	3,396, 322	1,194,360	1,564,164	3,561,758	432,116	79,887	126,273

2022	Operating Activities	Investing Activities	Financing Activities	Net Increase in Cash and Cash Equivalents
	MUR '000	MUR '000	MUR '000	MUR '000
CIEL Textile Limited – Group	(382,517)	(341,462)	755,454	31,475
Sun Limited – Group	1,774,748	(253,928)	(1,395,043)	125,777
CIEL Finance Limited – Group	1,767,780	(28,034)	705,755	2,445,501
CIEL Healthcare Limited – Group	721,504	(303)	(323,732)	397,469

2022	Dividend paid to non-controlling interests	Total comprehensive income allocated to non-controlling interests during the year	Accumulated non-controlling interests
	MUR '000	MUR '000	MUR '000
CIEL Textile Limited - Group	-	110,963	285,070
Sun Limited - Group	-	167,637	844,748
CIEL Finance Limited - Group	(432,474)	460,468	1,905,547
CIEL Healthcare Limited - Group	(50,146)	126,273	369,123

[1] Non-controlling interests in CIEL Textile Limited includes 24.06% directly held by CIEL Properties Ltd
[2] Non-controlling interests in CIEL Healthcare Ltd includes 20.08% of C-Care (Mauritius) Ltd's share

12. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(c) Summarised financial information on subsidiaries with material non-controlling interests (Cont'd)

2021	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Profit/(loss) for the year	Other Comprehensive income	Non-controlling interests
	MUR '000	MUR '000	MUR '000	MUR '000	MUR '000	MUR '000	MUR '000	MUR '000
CIEL Textile Limited – Group	6,633,085	4,295,882	6,740,482	1,037,016	10,444,465	626,559	167,428	(733)
Sun Limited – Group	2,088,235	17,920,117	3,440,385	9,648,928	527,901	(2,076,714)	638,596	(88,550)
CIEL Finance Limited – Group	25,569,766	14,748,078	34,534,354	832,945	3,782,304	608,273	776,267	537,890
CIEL Healthcare Limited – Group*	830,279	3,074,851	961,558	1,540,863	2,994,560	296,001	40,844	99,878

* Non-controlling interests in CIEL Healthcare Ltd includes of 20.08% of C-Care (Mauritius) Ltd's share.

2021	Operating Activities	Investing Activities	Financing Activities	Net Increase in Cash and Cash Equivalents
	MUR '000	MUR '000	MUR '000	MUR '000
CIEL Textile Limited – Group	988,904	(197,620)	(312,341)	478,943
Sun Limited – Group	(764,809)	1,380,177	305,487	920,855
CIEL Finance Limited – Group	752,974	(118,310)	(152,691)	481,973
CIEL Healthcare Limited – Group	520,072	(201,901)	(100,925)	217,246

2021	Dividend paid to non-controlling interests	Total comprehensive income allocated to non-controlling interests during the year	Accumulated non-controlling Interests
	MUR '000	MUR'000	MUR'000
CIEL Textile Limited - Group	-	(733)	61,339
Sun Limited - Group	-	(88,550)	677,011
CIEL Finance Limited - Group	(413,377)	537,890	1,877,453
CIEL Healthcare Limited - Group	(33,511)	99,878	291,145

The summarised financial information above is the amount before intra-group eliminations.

For subsidiary companies having a different reporting date, management accounts have been prepared as at 30 June.

13. INVESTMENTS IN JOINT VENTURES

ACCOUNTING POLICIES

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Separate financial statements

In the separate financial statements of the investor, investments in joint ventures are carried at fair value. The carrying amount is reduced to recognise any impairment in the value of individual investments.

Consolidated financial statements

Joint ventures are accounted for using the equity method.

	2022 MUR '000	2021 MUR '000
(a) The Group		
At 1 July	1,979,279	1,973,154
Dividend	(84,000)	-
Addition (Note (i))	29,051	50,000
Transfer from held for sale	361,746	-
Translation adjustment	(2,324)	-
Share of results	197,276	(9,588)
Share of other comprehensive income	(26,780)	(34,287)
At 30 June	2,454,248	1,979,279
Made up as follows:		
Net assets	2,279,763	1,804,794
Goodwill	174,485	174,485
	2,454,248	1,979,279

	2022 MUR '000	2021 MUR '000
(b) The Company		
Unlisted	Level 3	Level 3
At 1 July	89,908	35,371
Addition (Note (ii))	-	50,000
Fair value adjustment	72,558	4,537
At 30 June	162,466	89,908

2022 - The fair value has been based on a discounted cash flow approach over a period of ten years using the Gordon Growth Model. A WACC of **11.70%** and terminal growth rate of **3.40%** have been used. An increase/decrease in WACC by **5%** would have been decreased/increased the investment fair value by **MUR 27M/MUR 23M.**

2021 - The fair value has been based on a discounted cash flow approach over a period of five years using the Gordon Growth Model. A WACC of 10.73% and terminal growth rate of 3% have been used. An increase/decrease in WACC by 5% would have been decreased/increased the investment fair value by MUR 16M/ MUR 18M.

The Directors are of the opinion that there were no indicators of impairment on the investment in joint venture at year end.

Addition

(i) During the year ended 30 June 2022, the group has invested in Ebene Star Investment Ltd for **MUR 29M**, a company involved in the promotion of land and property development.

(ii) During the year ended 30 June 2021, the group has made additional investment of MUR 50M in Anahita Residence and Villas Ltd; with no changes in shareholding.

13. INVESTMENTS IN JOINT VENTURES (CONT'D)

(c) The results of the joint ventures, all of which were incorporated in Mauritius and unlisted, have been included in the consolidated financial statements.

Details of the joint ventures of the Group and Company are as follows:

	Year-end / Reporting date	Effective Percentage holding Direct %	Indirect %	Principal activity
2022				
Anahita Residence and Villas Ltd	June	50	-	Hotels and resorts
Bank One Limited	December	-	50	Banking
Domaine de l'Etoile Limited [1]	June	-	50	Leisure
Solea Vacances SA	June	-	50	Hotels and resorts
Ebene Star Investment Ltd	June	-	50	Land promoter and property developer
Cotona SA	June	-	50	Textile
2021				
Anahita Residence and Villas Ltd	June	50	-	Hotels and resorts
Bank One Limited	December	-	50	Banking
Domaine de l'Etoile Limited	June	-	50	Leisure
Solea Vacances SA	June		50	Hotels and resorts

[1] Domaine de l'Etoile Limited is currently in the process of winding up.

For the joint ventures having a different reporting date, management accounts have been prepared as at June 30, 2022 and 2021 respectively.

13. INVESTMENTS IN JOINT VENTURES (CONT'D)

(d) Summarised financial information in respect of each of the joint ventures is set out below:

	Assets	Liabilities	Revenue	Profit/(loss) for the year	Share of Profit/(loss)	Other comprehensive Income	Share of other Comprehensive Income
	MUR '000	MUR '000	MUR '000	MUR '000	MUR '000	MUR '000	MUR '000
2022							
Anahita Residence and Villas Ltd	627,343	563,446	279,935	19,934	9,967	(5,136)	(2,568)
Bank One Limited	44,529,873	40,857,670	1,168,192	375,338	187,669	(38,224)	(19,112)
Solea Vacances SA	321,582	235,298	1,226,787	39,030	19,515	(10,200)	(5,100)
Ebene Star Investment Ltd	58,103	-	-	-	-	-	-
Domaine de l'Etoile Limited	-	-	-	6,065	3,033	-	-
Cotona SA	2,076,646	1,300,101	1,085,283	(45,816)	(22,908)	-	-
					197,276	(53,560)	(26,780)
2021							
Anahita Residence and Villas Ltd	614,406	565,304	33,503	(136,219)	(68,110)	7,494	3,747
Bank One Limited	47,003,702	43,500,614	1,635,715	133,044	66,522	(88,101)	(44,051)
Domaine de l'Etoile Limited	603	6,511	-	(315)	(157)	-	-
Solea Vacances SA	293,416	134,744	106,063	(15,688)	(7,843)	12,032	6,017
					(9,588)	(68,575)	(34,287)

13. INVESTMENTS IN JOINT VENTURES (CONT'D)

The above amounts of assets, liabilities and results include the following:

	Current Assets	Non-current Assets	Non-current Financial Liabilities	Current Financial Liabilities	Depreciation & Amortisation	Interest Income	Interest Expense
	MUR '000	MUR '000	MUR '000	MUR '000	MUR '000	MUR '000	MUR '000
2022							
Anahita Residence and Villas Ltd	86,617	540,726	382,512	180,934	(22,689)	13,149	-
Bank One Limited	44,529,873	-	-	40,857,670	(87,644)	1,168,192	(321,025)
Solea Vacances SA	316,646	4,936	-	235,298	(855)	1,172	(698)
Ebene Star Investment Ltd	58,103	-	-	-	-	-	-
Cotona SA	1,102,989	973,658	291,443	1,008,658	(9,900)	-	(15,473)
2021							
Anahita Residence and Villas Ltd	35,615	578,791	430,771	134,533	(33,360)	-	(62,262)
Bank One Limited	47,003,702	-	-	43,500,614	(75,801)	1,179,738	(392,074)
Domaine de l'Etoile Limited	243	360	-	6,511	(64)	-	(36)
Solea Vacances SA	291,407	2,009	-	134,744	(1,426)	986	-

13. INVESTMENTS IN JOINT VENTURES (CONT'D)

(e) Reconciliation of the above summarised financial information to the carrying amount recognised in the financial statements:

	Opening Net Assets MUR '000	Issue of Shares MUR '000	Profit/(loss) for the Year MUR '000	Other Comprehensive income MUR '000	Dividends MUR '000	Closing Net Assets MUR '000	Ownership MUR '000	Goodwill MUR '000	Interest in Joint ventures MUR '000
2022									
Anahita Residence and Villas Ltd	14,011	-	19,934	(5,136)	-	28,809	14,404	-	14,404
Bank One Limited	3,503,090	-	375,338	(38,224)	(168,000)	3,672,204	1,836,102	174,485	2,010,587
Solea Vacances SA	98,554	-	39,030	(10,200)	-	127,384	63,692	-	63,692
Ebene Star Investment Ltd	-	58,102	-	-	-	58,102	29,051	-	29,051
Domaine de l'Etoile Limited	(6,065)	-	6,065	-	-	-	-	-	-
Cotona SA	-	718,844	(45,816)	-	-	673,028	336,514	-	336,514
							2,279,763	174,485	2,454,248
2021									
Anahita Residence and Villas Ltd	42,736	100,000	(136,219)	7,494	-	14,011	7,005	-	7,005
Bank One Limited	3,458,147	-	133,044	(88,101)	-	3,503,090	1,751,545	174,485	1,926,030
Domaine de l'Etoile Limited	(5,750)	-	(315)	-	-	(6,065)	(3,032)	-	(3,032)
Solea Vacances SA	102,210	-	(15,688)	12,032	-	98,554	49,276	-	49,276
							1,804,794	174,485	1,979,279

14. INVESTMENTS IN ASSOCIATES

ACCOUNTING POLICIES

Separate financial statements

In the separate financial statements of the investor, investments in associates are carried at fair value. Any change in fair value is recognised in other comprehensive income. The carrying amount is reduced to recognise any impairment in the value of individual investments.

Consolidated financial statements

An associate is an entity over which the Group has significant influence but not control, or joint control, generally accompanying a shareholding between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method except when classified as held-for-sale. Investments in associates are initially recognised at cost as adjusted by post acquisition changes in the Group's share of the net assets of the associate less any impairment in the value of individual investments.

Any excess of the cost of acquisition and the Group's share of the net fair value of the associate's identifiable assets and liabilities recognised at the date of acquisition is recognised as goodwill, which is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of identifiable assets and liabilities over the cost of acquisition, after assessment, is included as income in the determination of the Group's share of the associate's profit or loss.

When the Group's share of losses exceeds its interest in an associate, the Group discontinues recognising further losses, unless it has incurred legal or constructive obligation or made payments on behalf of the associate.

Unrealised profits and losses are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, appropriate adjustments are made to the financial statements of associates to bring the accounting policies used in line with those adopted by the Group.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Dilution gains and losses arising in investments in associates are recognised in profit or loss.

	2022 MUR '000	2021 MUR '000
(a) The Group		
At 1 July	3,984,327	3,987,741
Redemption	(120)	(485)
Disposals (Note (f))	(22,906)	(3,420)
Other movements	(55,000)	(2,015)
Share of results	234,625	276,892
Share of other comprehensive income	(18,035)	72,845
Dividends	(167,968)	(156,005)
Transfers to non-current assets held for sale (Note 21)	-	(191,226)
At 30 June	3,954,923	3,984,327

Management carried out an impairment assessment at 30 June 2022 based on the present value of future dividend income from its associate. Based on this assessment, no impairment charge has been recognised for the Group (2021: MUR Nil).

14. INVESTMENTS IN ASSOCIATES (CONT'D)

(a) The Group (Cont'd)	2022	2021
	MUR '000	MUR '000
Made up as follows:		
Net assets	3,943,072	3,968,312
Goodwill	11,851	16,015
	3,954,923	3,984,327
Group's share of net assets		
Listed	3,606,389	3,524,750
Unquoted	336,683	443,562
	3,943,072	3,968,312

(b) The Company	2022	2021
	Unquoted	Unquoted
	MUR '000	MUR '000
At 1 July	227,040	75,028
Fair value adjustment	(41,953)	152,012
At 30 June	185,087	227,040

(c) The results of the following associated companies, all of which were incorporated in Mauritius, have been included in the consolidated financial statements.

Details of the associates are as follows:

Name of associates	Year-end / Reporting date	Effective percentage holding				Principal activity
		Indirect		Direct		
		2022	2021	2022	2021	
		%	%	%	%	
Alteo Limited	June	20.96	20.96	-	-	Agro-Property
Hygeia Nigeria Limited*	December	-	12.23	-	-	Healthcare
Procontact Limited	June	-	-	47.67	47.67	Call centre
Kibo Capital Partners Ltd	December	37.55	37.55	-	-	Fund management
EastCoast Hotel Investment Ltd	June	15.03	15.03	-	-	Investment holding

For the associates having a different reporting date, management accounts have been prepared as at 30 June 2022 and 2021 respectively.

The Directors confirm that the Company has significant influence over the above associates despite holding less than 20%, through their controlling interests in CIEL Finance, CIEL Healthcare and Sun Limited.

* The indirect stake in Hygeia Nigeria Limited was held through Jersey Hygeia Investment Limited.

** During the year ended 30 June 2022, the investments in Hygeia Nigeria Limited and Hygeia HMO Limited have been disposed.

14. INVESTMENTS IN ASSOCIATES (CONT'D)

(d) Summarised financial information in respect of each of the associates is set out below:

	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities	Revenue	Profit/(loss) for the year attributable to owners	Share of profit/(loss)	Dividends received during the year	Share of other comprehensive income
	MUR '000	MUR '000	MUR '000	MUR '000	MUR '000	MUR '000	MUR '000	MUR '000	MUR '000
2022									
Alteo Limited	7,738,992	24,440,878	5,589,036	7,441,547	12,117,992	1,012,075	212,131	52,737	(23,025)
Procontact Limited	101,002	34,050	16,974	2,219	215,357	47,233	22,516	7,793	2,124
Kibo Capital Partners Ltd	-	-	-	-	-	(44)	(22)	-	2,866
EastCoast Hotel Investment Ltd	-	-	-	-	-	-	-	107,438	-
							234,625	167,968	(18,035)
2021									
Alteo Limited	7,370,547	23,773,543	5,262,897	7,219,732	9,549,122	1,154,074	241,894	48,064	62,985
Hygeia Nigeria Limited	304,727	732,501	116,647	143,279	638,906	76,486	17,653	-	(645)
Procontact Limited	87,422	15,455	21,400	2,933	188,995	37,910	16,844	4,596	1,899
The Kibo Fund LLC	-	-	-	-	-	-	-	-	8,852
Kibo Capital Partners Ltd	39,263	28,003	11,199	14,555	43,440	1,002	501	-	(246)
EastCoast Hotel Investment Ltd	-	-	-	-	-	(701,306)	-	103,345	-
							276,892	156,005	72,845

14. INVESTMENTS IN ASSOCIATES (CONT'D)

(e) Reconciliation of the above summarised financial information to the carrying amount recognised in the financial statements:

	Opening Net Assets	Redemption/ Disposal/ issue of shares	Other movements	Results Net of Dividends	Other Comprehensive Income for the year	Closing Net Assets	Ownership Interest	Goodwill	Transfer to Held for Sale	Interest in Associate
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
2022										
Alteo Limited	17,009,794	-	(261,130)	760,467	(109,851)	17,399,280	3,606,389	-	-	3,606,389
Procontact Limited	78,546	-	(606)	33,138	4,781	115,859	51,476	11,851	-	63,327
Kibo Capital Partners Ltd	40,366	(46,076)	-	(22)	5,732	-	-	-	-	-
EastCoast Hotel Investment Ltd	1,308,817	-	-	(358,127)	-	950,690	285,207	-	-	285,207
							3,943,072	11,851	-	3,954,923
2021										
Alteo Limited	15,784,536	-	46,544	924,756	253,958	17,009,794	3,524,750	-	-	3,524,750
Hygela Nigeria Limited	733,999	-	77,420	-	-	811,419	187,062	4,164	(191,226)	-
Procontact Limited	46,704	-	-	27,568	4,274	78,546	34,898	11,851	-	46,749
The Kibo Fund LLC	(10,541)	10,541	-	-	-	-	-	-	-	-
Kibo Capital Partners Ltd	40,340	(485)	-	1,002	(491)	40,366	20,183	-	-	20,183
EastCoast Hotel Investment Ltd	2,010,123	-	-	(701,306)	-	1,308,817	392,645	-	-	392,645
							4,159,538	16,015	(191,226)	3,984,327

14. INVESTMENTS IN ASSOCIATES (CONT'D)

(f) During the year the investment in KIBO Fund LLC was disposed as follows:

	KIBO Capital Partners Ltd (KCP) 2022	KIBO Fund LLC (KIBO1) 2021
The Group	MUR '000	MUR '000
Consideration received or receivable:		
Cash	1,112	25,101
Amount receivable	21,558	5,629
Total disposal consideration	22,670	30,730
Carrying amount of net assets sold (Note (a))	(22,906)	3,420
(Loss)/Profit on disposal before reclassification of translation reserve	(236)	34,150
Reclassification of translation reserve	5,949	(7,472)
Profit on disposal after reclassification of translation reserve (Note 5(a))	5,713	26,678

The Group's share of the fair value reserves of KCP and KIBO1 has been reclassified to retained earnings upon disposal of the investment.

The fair value of the Group's interest in associates which are listed/quoted on the Stock Exchange of Mauritius is as follows as at 30 June 2022 and 2021 respectively:

	2022	2021
	MUR '000	MUR '000
Alteo Limited	2,122,820	1,722,288

15. INVESTMENTS IN OTHER FINANCIAL ASSETS

ACCOUNTING POLICIES

Financial assets at fair value through other comprehensive income (FVOCI)

Financial assets at fair value through other comprehensive income (FVOCI) comprise equity securities which are not held for trading, and which the group has irrevocable elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

On disposal of these equity investments, any related balance within the FVOCI reserve is reclassified to retained earnings.

The movement in investments in other financial assets are summarised as follows:

(a) The Group	Level 1 DEM Quoted MUR '000	Level 3 Unquoted MUR '000	Total MUR '000
2022			
At 1 July	40	459,812	459,852
Addition	-	13,904	13,904
Transfer from investment in subsidiary	-	2,419	2,419
Translation adjustment	(20)	(109)	(129)
Capital distribution	-	(32,074)	(32,074)
Write offs	-	(5,547)	(5,547)
Fair value adjustment	-	26,658	26,658
At 30 June	20	465,063	465,083
2021			
At 1 July	40	372,449	372,489
Addition	-	3,912	3,912
Translation adjustment	-	2,550	2,550
Disposals	-	(6,292)	(6,292)
Fair value adjustment	-	87,193	87,193
At 30 June	40	459,812	459,852

15. INVESTMENTS IN OTHER FINANCIAL ASSETS (CONT'D)

(b) The Company - Level 3 Unquoted

	MUR '000
2022	
At 1 July	25,011
Fair value adjustment	795
At 30 June	25,806
2021	
At 1 July	28,928
Fair value adjustment	(3,917)
At 30 June	25,011

(c) Details of those companies, other than subsidiary and associated companies, in which the Company holds more than 10% of the issued shares are:

Name of company	Class of shares held	Percentage Holding 2022	Percentage Holding 2021
		%	%
Cathedrale Development Ltd*	Ordinary shares	20.00	20.00

* The Company does not exercise any significant influence on the above company and, as such, has not accounted for this investment as an investment in associate.

(d) Other financial assets are denominated in the following currencies:

	THE GROUP 2022 MUR' 000	THE GROUP 2021 MUR' 000	THE COMPANY 2022 MUR' 000	THE COMPANY 2021 MUR' 000
Rupee	183,616	194,125	25,806	25,011
US Dollar	266,293	250,515	-	-
Ariary	15,174	15,212	-	-
	465,083	459,852	25,806	25,011

(e) None of the financial assets are impaired.

16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

ACCOUNTING POLICIES

Initial Recognition

Leases are recognised as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable; variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the group under residual value guarantees;
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate, the Group, where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since the third party financing was received and makes adjustments specific to the lease, e.g. term, country, currency and security. The incremental borrowing rates range from 5% to 17.24%.

Subsequent measurement

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.
- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.

16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

ACCOUNTING POLICIES (CONT'D)

Subsequent measurement (Cont'd)

- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the Group to use an identified asset and require services to be provided to the Group by the lessor, the Group has elected to account for the entire contract as a lease, i.e. it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract. Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

Lease term

The lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. In instances where lease agreements contain lease and non-lease components, they are generally accounted for separately. For certain instances where it is impractical to separate the lease from the non-lease component, the Group will account for them as a single lease component. In determining the lease term, management considers all the facts and circumstances that can create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods with termination options) are only included in the lease term if the lease term is reasonably certain to be extended (or terminated).

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options across the segment are only included in the lease term if the lease is reasonably certain to be extended. These are used to maximise operational flexibility in terms of managing the assets used in the segment's operations. The factors influencing the decision to exercise these options include the location of the assets, some being on prime locations along the coast of the island, and the costs that would be incurred to set up a whole new building to operate in the event of termination.

Lease and non-lease component

Contracts may contain both lease and non-lease components. The segment allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the segment is a lessee, it has elected not to separate lease and non-lease components and instead account for these as a single lease component.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Textile

The textile segment leases various offices, warehouses and factories. Rental contracts are typically made for fixed periods of 1 to 10 years but may have extension options. The facts and circumstances would include whether renewing the lease of the asset would have commercial value: how the asset could be used by the entity for its operations and to generate income.

The weighted average incremental borrowing rate stands at **7.35%-8%** (2021: 7.35%).

16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

Textile (Cont'd)

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Healthcare

The Healthcare Segment leases various buildings and motor vehicles. The contract duration ranges from 6 months to 50 years. Until year 2018, the leases were treated as operating lease and as from July 2019, the leases are recognised as right-of-use asset and a corresponding liability at the date at which the leased asset is available for use. The discount rate used is **5.35%** (2021: 5.35%) for C-Care for the main lease being the land & building at Wellkin.

In November 2020, the healthcare segment signed an agreement for 20 years with Mont Choisy Smart City for Ltd for the rental of premises for the operation of a new clinic. The building to be used for the clinic is still under construction. As per the terms of the contract, rental payment should start 3 months after practical completion date following which lease will be accounted as right of use assets.

Hotels and Resorts

Lease liabilities relate to:

- The right-of-use of property, plant and equipment with an average duration varying between 4 and 5 years and for which the Group has the option to purchase the asset for a nominal amount at the expiry of the lease arrangements; and
- Leases of rooms under the Invest Hotel Scheme which run for a period between 52 and 59 years.
- Other leasehold land and buildings which run for a period between 25 to 60 years.

The segment's leases are secured by the lessors' title to the leased assets.

The incremental borrowing rate on lease liabilities ranged from **2.20% to 7.05%** (2021: 5.00% to 7.05%).

Effective 1 July 2021, the Government amended the State Lands Act to change the timing of payment of annual rental for hospitality operators from 1 July of each year (payable in advance) to 30 June of each year (payable in arrear). This amendment resulted in a decrease in the present value of future cashflows recognised under lease liabilities (IFRS 16). Lease liabilities were subsequently adjusted and the impact of the re-assessment was credited to profit or loss as a gain under other income.

The short term leases under this segment comprises the lease of motor vehicles.

Financial Services

The segment has leases for buildings and motor vehicles. Leases have remaining lease terms between 1 and 7 years, some of which may include options to extend the leases for up to 3 years, and some of which may include options to terminate the leases within 1 year.

The incremental borrowing rate on lease liabilities ranged from **6.25%** to **8.5%** (2021: 6.25% to 8.5%) for the segment.

The short term leases relate to the lease of certain bank branches across Madagascar.

16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

THE GROUP

(a)	Land and Buildings	Motor Vehicles	Others	Total
	MUR '000	MUR '000	MUR '000	MUR '000
Balance as at 1 July 2021	2,762,789	33,448	15,004	2,811,241
Additions	338,961	16,990	-	355,951
Amortisation	(192,177)	(14,386)	(5,728)	(212,291)
Disposals	(14,347)	(311)	-	(14,658)
Lease modification	170,211	-	-	170,211
Asset written off	(3,421)	(1,571)	-	(4,992)
Translation adjustments	(6,842)	-	-	(6,842)
Right-of-use assets, 30 June 2022	3,055,174	34,170	9,276	3,098,620
Balance as at 1 July 2020	2,992,960	28,950	16,185	3,038,095
Additions	258,856	19,403	3,412	281,671
Amortisation	(158,980)	(13,240)	(4,593)	(176,813)
Disposals	(359,060)	(1,665)	-	(360,725)
Translation adjustments	29,013	-	-	29,013
Right-of-use assets, 30 June 2021	2,762,789	33,448	15,004	2,811,241

	2022	2021
	MUR '000	MUR '000
Lease liabilities:		
Current	258,047	250,659
Non-current	3,206,216	3,014,504
	3,464,263	3,265,163

16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

THE GROUP

	2022 MUR' 000	2021 MUR' 000
(b) The statement of profit or loss shows the following amounts relating to leases:		
Amortisation of right-of-use assets	212,291	176,813
Interest on lease liabilities	219,634	220,249
Expenses relating to leases of low-value assets and short-term leases (Note 5)	310,709	76,821
Lease concessions	-	(99,053)
Total lease cost	742,634	374,830
The total cash outflow for leases was as follows:		
Repayment of principal element of leases	239,241	204,389
Other information:		
Weighted Average Remaining Lease Term	17.00	4.58

17. OTHER RECEIVABLES

ACCOUNTING POLICIES

Other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance.

	THE GROUP	
	2022 MUR' 000	2021 MUR' 000
Receivable from sale of land		-
Long-term deposits	54,224	32,338
Loans under Executive Share Scheme (Note (a))	16,920	16,920
Others	10,536	-
	81,680	49,258

(a) Loans under Executive Share Scheme were granted to key executives where cash was advanced to certain individuals to acquire shares in the Company at market value at grant date. The terms of the scheme were such that when the shares are disposed, the proceed is to be used to settle the loan advanced. The loan carries interest of 3% which is payable half yearly in December and June. The interest for the year has been waived by the Board. The scheme has now been discontinued and replaced by the Phantom Share Option Scheme which does not significantly impact the financial statements.

18. INVENTORIES

ACCOUNTING POLICIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in and first-out realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials - purchase cost on a weighted average cost basis.

Finished goods and work-in-progress - cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

	THE GROUP	
	2022 MUR' 000	2021 MUR' 000
Raw materials	1,945,703	1,248,386
Work in progress	1,050,508	651,087
Finished goods	1,234,379	1,121,157
Other stock	16,077	31,941
Food and beverages	55,692	38,007
Operating supplies	201,328	168,381
Spare parts	235,921	83,457
Fabric and linen	7,878	15,359
Goods in transit	412,950	435,840
Less :		
Provision for impairment of inventories*	(14,861)	(30,999)
Write offs	(14,900)	(17,763)
	5,130,675	3,744,853

The cost of inventories recognised as an expense is **MUR 9.7Bn** (2021: MUR 6.4Bn).

Some of the inventories have been pledged as security for the borrowings of the Group.

Impairment of inventories

	Cash generating unit / Company MUR '000	Reportable segment	Statements of Profit or loss 2022 MUR '000	2021 MUR '000
Impairment and write offs charged				
- Textile segment: stocks	Textile	Mauritius	12,148	16,800
- Hotel segment: Inventories	Retail operations	Mauritius	-	4,705
- Healthcare segment: consumables	Healthcare	Mauritius	17,613	27,257
			29,761	48,762

* Above impairment charges exclude the income tax impact

19. TRADE AND OTHER RECEIVABLES

ACCOUNTING POLICIES

Trade receivables are amount due from customers for goods sold in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current asset. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds trade receivables with the objective to collect the contractual cash flows and therefore, measure them subsequently at amortised cost using the effective interest method. Detail about the Group's impairment policies and the calculation of the loss allowance is provided in note 45(a).

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Trade receivables	4,423,065	2,591,199	-	-
Less: Loss allowance on receivables (Note 19(f))	(222,977)	(256,316)	-	-
	4,200,088	2,334,883	-	-
Receivable from subsidiary companies (Note 44)	-	-	555,533	316,428
Receivable from associated companies (Note 44)	32,462	27,961	376	380
Receivable from related corporations (Note 44)	9,018	87,539	-	-
Export documentary remittances	2,449,652	1,632,865	-	-
Other receivables and prepayments (Note 19(a))	857,190	725,907	877	1,857
Advance payments	351,364	555,788	-	-
Prepayments	517,774	246,969	191	118
	8,417,548	5,611,912	556,977	318,783
(a) Other receivables				
Other receivables consist of:				
Taxes and grants	581,634	318,875	-	-
Deposits	16,816	16,260	-	-
Others	258,740	390,772	877	1,857
	857,190	725,907	877	1,857

19. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Other receivables (Cont'd)

The carrying amounts of trade and other receivables approximate their fair value as they are deemed short-term in their nature and recoverable within 12 months.

The Group does not hold any collateral as security but for the hotels and resorts segment, there is an insurance cover against irrecoverable debts.

The receivables from associated companies, related corporations and other receivables are neither past due nor impaired.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable, net of insurance cover.

(b) Ageing of past due trade receivables but not impaired

	THE GROUP	
	2022	2021
	MUR' 000	MUR' 000
Within 31 - 60 days	406,751	143,271
Within 61 - 90 days	69,100	67,744
Over 90 days	148,792	129,369
	624,643	340,384

The remaining balance of trade receivables is neither past due nor impaired.

(c) The carrying amounts of the Group's trade and other receivables, excluding taxes and grants, advance payments, prepayments and deposits are denominated in the following currencies:

	THE GROUP	
	2022	2021
	MUR' 000	MUR' 000
MUR	711,299	535,397
MGA	2,768,508	1,633,144
USD	1,743,949	733,232
EUR	415,405	350,586
GBP	311,327	132,058
ZAR	402,869	352,114
INR	430,245	581,874
Others	166,358	155,615
	6,949,960	4,474,020

(d) Impairment of trade receivables

The expected loss rates are based on the payment profiles of clients over a period of 36 months before 1 July 2021, or 1 July 2022 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP, inflation and unemployment rate of Mauritius, India, Uganda and Madagascar to be the most relevant factors, and accordingly has adjusted the historical loss rates based on expected changes in these factors.

19. TRADE AND OTHER RECEIVABLES (CONT'D)

(e) As of 30 June 2022, trade and other receivables of **MUR 223M** (2021: MUR 256M) were impaired. The individually impaired receivables relate to customers, which are in unexpected difficult situation. The ageing of these receivables are as follows:

	THE GROUP				
	Current	Within 31- 60 days	Within 61- 90 days	Over 90 days	Total
2022					
Expected credit loss rate (%)	0.59%	2.45%	3.10%	28.67%	5.04%
Gross carrying amount (MUR' 000)	3,270,603	362,197	123,659	666,606	4,423,065
Loss allowance (MUR' 000)	19,145	8,868	3,836	191,128	222,977
2021					
Expected credit loss rate (%)	0.26%	1.67%	3.90%	59.86%	9.89%
Gross carrying amount (MUR' 000)	1,764,603	273,494	149,811	403,291	2,591,199
Loss allowance (MUR' 000)	4,619	4,555	5,847	241,295	256,316

(f) The closing loss allowances for trade and other receivables reconcile to the opening loss allowances as follows:

	2022	2021
	MUR' 000	MUR' 000
At 1 July	256,316	336,809
Amounts written off	(54,496)	(144,877)
Provision for the year	20,143	65,313
Translation reserve	1,014	(929)
At 30 June	222,977	256,316

(g) In 2022, the impairment of trade receivables was assessed based on the expected credit loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. Taxes and grants, prepayments and advance payments are not financial assets and so are not subject to expected credit loss under IFRS 9. The other receivables comprise mainly overnight borrowings held by the subsidiary bank, which are repaid on the next day, hence no impairment was deemed necessary.

20. CASH AND CASH EQUIVALENTS

ACCOUNTING POLICIES

Cash and cash equivalents include highly liquid investments that are convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Such investments are normally those with less than three months maturity from the date of acquisition.

For the purposes of the statement of cash flows, cash and cash equivalents comprises cash and balances with banks and central banks excluding mandatory balances with central banks, loans to placements with banks having an original maturity of up to 3 months. Cash and cash equivalents are measured at amortised cost. Bank overdrafts are shown within loans and borrowings in current liabilities on the statement of financial position.

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Cash in hand	1,334,939	1,715,540	-	-
Foreign currency notes and coins	169,057	134,792	-	-
Balances with the Central Bank	4,124,089	3,029,100	-	-
Balances due in clearing	(14,264)	22,899	-	-
Balances with banks	3,439,375	2,747,510	12,325	6,744
Placements	3,648,438	2,281,334	-	53
	12,701,634	9,931,175	12,325	6,797
Broken down as follows:				
Banking segment	9,755,292	7,376,395	-	-
Non-banking segment	2,946,342	2,554,780	12,325	6,797
	12,701,634	9,931,175	12,325	6,797

The balances with the central bank relate to cash held at Central Bank of Madagascar for BNI Madagascar SA.

21. ASSETS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE

ACCOUNTING POLICIES

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

(a) An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position.

The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

	THE GROUP	
	2022	2021
The movement for the year is as follows:	MUR' 000	MUR' 000
At 1 July	1,403,473	131,969
Disposal	(516,412)	(10,117)
Transfer (to) / from investment in associates (Note 14)	-	191,226
Transfer to investment in joint ventures (Note 13)	(361,746)	-
Transfer from discontinued operations (Note (b))	59,331	1,110,603
Transfer to investment properties (Note 10)	(379,700)	-
Fair value adjustments (Note 5)	-	(20,106)
Others *	(145,615)	(102)
As at 30 June	59,331	1,403,473

* Others relate to reclassification of assets and liabilities to their respective line items in the consolidated statement of financial position.

21. ASSETS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE (CONT'D)

(b) Assets held-for-sale consist of land, which was earmarked for sale by Ferney Limited in 2020 and sold in 2021.
During the year ended 30 June 2022, the investments in Hygeia Nigeria Limited and Hygeia HMO Limited have been disposed.
The following assets and liabilities were reclassified as held for sale in relation to the discontinued operations as at June 30, 2022:

	2022	2021
	MUR' 000	MUR' 000
Assets classified as held for sale		
- Property, plant and equipment	3,604	760,762
- Intangible assets (Note 11)	19,070	2,617
- Deferred income tax assets	555	2,248
- Inventories	-	270,696
- Trade and other receivables	8,535	64,233
- Cash and cash equivalents	27,567	10,047
Total assets classified as held for sale	59,331	1,110,603

	2022	2021
	MUR' 000	MUR' 000
Liabilities directly associated with assets classified as held for sale		
- Deferred income tax liabilities	-	26,861
- Retirement benefit obligations	3,768	22,801
- Trade and other payables	6,401	135,040
- Fair value liability on forward contracts	-	942
- Borrowings	-	374,952
- Current income tax liabilities	258	161
Total liabilities associated with assets classified as held for sale	10,427	560,757

22. LOANS AND ADVANCES TO CUSTOMERS

ACCOUNTING POLICIES

The Group only measures loans and advances and other financial investments at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold the financial assets in order to collect contractual cash flows;
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Loans and advances to customers are non-derivative financial assets with fixed or determinable payments and are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method.

	THE GROUP	
(a)	2022	2021
	MUR' 000	MUR' 000
Retail	3,018,063	2,666,639
Civil servants	2,836,696	2,033,219
Professional – SME	1,862,132	857,089
Mid-Cap	4,452,752	4,154,335
Institutional	707,021	100,169
Corporate customers	13,249,117	11,454,398
	26,125,781	21,265,849
Less allowances for credit impairment:		
Individual	(467,937)	(372,323)
Civil servants	(50,410)	(30,229)
Professional – SME	(390,364)	(259,019)
Mid-Cap	(470,370)	(413,208)
Institutional	(6,192)	(2,936)
Corporate customers	(458,851)	(320,021)
	(1,844,124)	(1,397,736)
	24,281,657	19,868,113
Less: Non-current portion	(11,284,467)	(6,810,443)
Current portion	12,997,190	13,057,670

22. LOANS AND ADVANCES TO CUSTOMERS (CONT'D)

	2022	2021
	MUR' 000	MUR' 000
(b) Remaining terms to maturity		
Within one year	12,997,190	13,057,670
Over 1 year and up to 5 years	3,063,646	6,810,443
Over 5 years	8,220,821	-
	24,281,657	19,868,113
(c) Allowance for credit impairment		
At July 1	1,397,736	1,124,834
Provision for credit impairment for the year (Note 7(b))	433,801	220,535
Foreign currency translation adjustment	12,587	52,367
At 30 June	1,844,124	1,397,736

23. LOANS TO BANKS

ACCOUNTING POLICIES

The Group only measures loans and advances and other financial investments at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold the financial assets in order to collect contractual cash flows;
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

	THE GROUP	
(a)	2022	2021
	MUR' 000	MUR' 000
At 1 July	-	40,297
Net movement in loans to banks	-	(40,304)
Allowance for impairment	-	7
At 30 June	-	-
Loans to banks - non-current	-	-
Loans to banks - current	-	-
	-	-
Remaining terms to maturity		
Within one year	-	-
Over 1 year and up to 5 years	-	-
	-	-
Allowance for credit impairment		
At July 01	-	(7)
Provision for credit impairment (Note 7(b))	-	7
At June 30	-	-

24. INVESTMENTS IN SECURITIES

ACCOUNTING POLICIES

Investments in securities have been assessed as having a business model of holding to collect contractual cash flows comprising solely of payments of principal and interest. Accordingly, these instruments have been classified at amortised cost under the effective interest method.

	THE GROUP	
	2022	2021
	MUR' 000	MUR' 000
At 1 July	6,208,017	4,712,534
Additions	2,136,750	2,655,345
Matured during the year	(1,971,352)	(1,356,939)
Provision for credit impairment for the year (Note (a))	1,208	(1,413)
Translation adjustment	(39,374)	198,490
At 30 June,	6,335,249	6,208,017

	THE GROUP	
	2022	2021
	MUR' 000	MUR' 000
Non-current	4,192,295	3,753,001
Current	2,142,954	2,455,016
Remaining terms to maturity		
Within one year	2,142,954	2,455,016
Over 1 year and up to 5 years	4,192,295	3,753,001
At 30 June,	6,335,249	6,208,017

The investments in securities are denominated in Ariary.

The current securities denominated in Ariary have coupon rates ranging from **7.00% to 13.15%** (2021: 7.00% to 13.15%).

The non-current securities have coupon rates ranging from **7.90% to 10.30%** (2021: 7.90% to 10.30%). None of the financial assets are either past due or impaired.

24. INVESTMENTS IN SECURITIES (CONT'D)

(a) Allowance for credit impairment	THE GROUP 2022 MUR' 000	THE GROUP 2021 MUR' 000
At 1 July	(2,421)	(918)
Provision for credit impairment for the year (Note 7(b)(ii))	1,208	(1,413)
Foreign currency translation adjustment	(23)	(90)
At 30 June,	(1,236)	(2,421)

25. STATED CAPITAL AND TREASURY SHARES

ACCOUNTING POLICIES

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as deduction, net of tax, from proceeds. Where the Company purchases its equity share capital (treasury shares), the consideration paid, including any directly incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. When such shares are subsequently reissued, any net consideration received is included in equity attributable to the Company's equity holders.

	THE GROUP AND THE COMPANY		
	Stated Capital	Treasury Shares	Total
	MUR '000	MUR '000	MUR '000
At 1 July 2020	5,139,579	(18,005)	5,121,574
Issue of shares on exercise of rights (Note 1)	1,415	3,381	4,796
At 30 June 2021	5,140,994	(14,624)	5,126,370
Issue of shares on exercise of rights (Note 2)	**308**	**164**	**472**
At 30 June 2022	**5,141,302**	**(14,460)**	**5,126,842**

25. STATED CAPITAL AND TREASURY SHARES (CONT'D)

	THE GROUP AND THE COMPANY		
	Stated Capital	Treasury Shares	Total
	Number of shares	Number of shares	Number of shares
	'000	'000	'000
At 1 July 2020	1,689,901	(3,149)	1,686,752
Issue of shares on exercise of rights (Note 1)	-	693	693
At 30 June 2021	1,689,901	(2,456)	1,687,445
Issue of shares on exercise of rights (Note 2)	**-**	**115**	**115**
At 30 June 2022	**1,689,901**	**(2,341)**	**1,687,560**

The shares have no par value. All stated capital is fully paid.

Note 1

During the year 2021, executives of the Group have exercised their rights to acquire 693,434 of CIEL Limited ordinary shares under the Executive Share Remuneration Scheme.

Note 2

During the year 2022, executives of the Group have exercised their rights to acquire 114,862 of CIEL Limited ordinary shares under the Executive Share Remuneration Scheme.

26. REDEEMABLE RESTRICTED A SHARES

	THE GROUP AND THE COMPANY	
	Redeemable Restricted A Shares	Number of Shares
	MUR '000	000's
At 30 June 2021 and 2022	**39,233**	**3,008,887**

At a Special Meeting held on 30th October 2013, shareholders approved that the share capital of the company be reorganised into 2 classes of shares, as follows:

- Existing Ordinary Shares which hold all economic rights including the right to dividends and voting rights.

Shareholders of the Company had the option for every Ordinary Share held by them after the share split, to choose between receiving:

(i) Either a cash dividend of 5 cents;

(ii) Or 4 'Redeemable Restricted A Shares'.

The rights attached to the Redeemable Restricted A Shares are as follows:

(i) The right to vote at general meetings and, on a poll, to cast one vote for each share held;

(ii) The right to participate in a rights issue together with the holders of Ordinary Shares on the condition that the holders of each class of shares shall be entitled to subscribe to Shares of that class only;

(iii) No right to any distribution;

(iv) No right to any surplus assets of the company in case of winding up;

(v) No right to be transferred except with the consent of the holders of at least 75% of the shares of that class.

The Redeemable Restricted A Shares shall be redeemed at the option of the Company for no consideration, should the holders either directly or indirectly through successive holding entities, in aggregate, hold less than 10% of the issued Ordinary Shares in the capital of the Company.

27. OTHER COMPREHENSIVE INCOME

(a) Reserves

The Group	Revaluation Surplus	Fair value	Hedging Reserve	Translation of Foreign Operations	Other Reserves	Actuarial Reserves	Share appreciation rights scheme	Total
	MUR '000	MUR '000	MUR '000	MUR '000	MUR '000	MUR '000	MUR '000	MUR '000
Balance at 1 July 2021	4,480,149	121,781	(263,260)	66,945	259,348	(324,144)	472	4,341,291
Other comprehensive income for the year	899,332	20,347	325,904	(4,330)	-	(9,750)	-	1,231,503
Employee share option scheme	-	-	-	-	-	-	(472)	(472)
Reclassification of revaluation reserve on transfer of property, plant and equipment to investment property	(243,653)	-	-	-	-	-	-	(243,653)
Disposal of assets classified as held for sale	-	-	-	51,616	-	-	-	51,616
Movement on banking reserve (Note (i))	(6,665)	-	-	-	69,714	-	-	63,049
Balance at 30 June 2022	**5,129,163**	**142,128**	**62,644**	**114,231**	**329,062**	**(333,894)**	**-**	**5,443,334**
Balance at 1 July 2020	3,813,366	53,989	(62,598)	(135,042)	259,348	(391,369)	5,268	3,542,962
Other comprehensive income for the year	560,645	67,792	(200,662)	201,987	-	67,225	-	696,987
Issue of shares	-	-	-	-	-	-	(4,796)	(4,796)
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings (Note (ii))	65,978	-	-	-	-	-	-	65,978
Other movements	40,160	-	-	-	-	-	-	40,160
Balance at 30 June 2021	4,480,149	121,781	(263,260)	66,945	259,348	(324,144)	472	4,341,291

Movements are mainly made up of:

(i) Statutory reserve, which comprises the accumulated annual transfer of 15% of the net profit for the year in line with Article 41 of Ordinance n° 88-005 dated 15th April 1988 pertaining to the regulations applicable to the banking sector in Madagascar. Movements in the General Banking Reserve is at the discretion of BNI Madagascar, and the shareholders choose to increase the reserve by the profit for the year net of dividends payable and the amount transferred to statutory reserve.

(ii) Movement of MUR 65M relates to transfer of revaluation losses from revaluation reserve to retained earnings on disposal of an associate.

27. OTHER COMPREHENSIVE INCOME (CONT'D)

The Group

(i) Revaluation surplus

The revaluation surplus relates to the revaluation of property.

(ii) Fair value reserve

Fair value reserve comprises the cumulative net change in the fair value of financial assets at fair value through other comprehensive income (FVOCI) that has been recognised in other comprehensive income until investments are derecognised or impaired.

(iii) Hedge reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

(iv) Translation of foreign operations

The translation reserve comprises all foreign currency difference arising for the translation of the financial statements of foreign operation.

(v) Other reserves

Other reserves comprise of the banking reserve which comprise provisions in line with the Bank of Mauritius macroprudential guidelines.

(vi) Actuarial gains/(losses)

The actuarial gains/(losses) reserve represents the cumulative remeasurement of defined benefit obligation recognised.

(vi) Actuarial gains/(losses)

The Company

	Fair Value Reserve 2022 MUR '000	Fair Value Reserve 2021 MUR '000
Fair value adjustment	5,427,916	5,419,624

(i) Fair value reserve

Fair value reserve comprises the cumulative net change in the fair value of financial assets at fair value through other comprehensive income (FVOCI) that has been recognised in other comprehensive income until investments are derecognised or impaired.

27. OTHER COMPREHENSIVE INCOME (CONT'D)

(b) Convertible bonds

	THE GROUP 2022 MUR' 000	THE GROUP 2021 MUR' 000
At 1 July	2,264,792	-
Additions	550,000	2,275,000
Front-end fee paid	(2,400)	(12,300)
Front-end fee transferred to prepayment	-	3,600
Legal fees	-	(1,508)
At 30 June	2,812,392	2,264,792

During the year, SUN Group received additional tranches of MUR 550M from the committed Mauritius Investment Corporation Ltd ("MIC"), funding of MUR 3.1Bn comprising of 310 bonds of MUR 10M each.

One of the main objectives of the MIC is to provide financial support to companies impacted by the Covid-19 pandemic and in particular to the tourism sector which has been impacted the most due to the full border closure. The MIC support is in the form of redeemable convertible bonds to companies which require urgent working capital to sustain their viability.

Key terms and conditions of the funding arrangements are as follows:

- The bonds shall be issued in four equal tranches.
- The maturity date is 9 years from first disbursement of the first tranche of the subscription proceeds, that is, on 14 December 2029.
- The conversion rate has been pre-determined prior to the subscription.
- All outstanding bonds will be converted into ordinary shares at a pre-agreed rate and price on maturity date.
- The interest rates range between 3.00% to 3.25% p.a. over the duration of the bonds (from issue date to the earlier of the redemption date or the conversion date). The interest is payable on the last day of each interest period. On maturity date, any unpaid capital and interest is converted into ordinary shares in accordance with the predetermined conversion price.
- The conversion price is subject to certain adjustments such as capitalisation of profit or reserves, capital distribution, rights issues, share split, amongst others.
- Redemption of the bonds shall be at the option of the issuer. The issuer may redeem some or all the bonds, any time prior to the maturity date. The option price shall be determined as follows:
  - if redemption happens before the 4th anniversary of the first subscription, the redemption price shall be the nominal amount,
  - if redemption happens after the 4th anniversary of the first subscription, the redemption amount shall be 100.5% of the nominal amount.

28. SHARE APPRECIATION RIGHTS SCHEME AND SHARE BASED SCHEME

ACCOUNTING POLICIES

(a) Share Appreciation Rights Scheme

The Group operates a Share Appreciation Rights Scheme (SARS) for selected executives employed by one of the subsidiaries of the CIEL Group. Under the Scheme, selected executives are granted a number of rights based on their current salary. The rights will be settled by CIEL Limited issuing shares to the holder of the rights, equivalent to the difference between the exercise price and the grant price per share, multiplied by the number of SARS exercised. CIEL Limited may buy back shares from the market or utilise its treasury shares. The rights vest after three years from grant date and lapse after seven years from grant date. The Scheme operated previously under ex-CIEL Investment Ltd before the amalgamation with Deep River Investment Ltd in January 2014. Following the amalgamation and the issue of 344,827,586 new no par value ordinary shares by way of private placement by CIEL Limited, the number of SARS originally granted and the grant price of the underlying shares were adjusted accordingly. The last issue of the SARS dates back to April 2013. The said scheme has been brought to an end since that date. The last SARS were exercised last year and no SARS were left as at 30 June 2020.

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in profit or loss and a corresponding adjustment to equity over the remaining vesting period.

The proceeds, if any, received net of any directly attributable transaction costs are credited to stated capital when the options are exercised.

(b) Share Based Scheme - equity settled

In July 2014, an incentive scheme was set up in order to remunerate some key executives of the Group. The annual entitlement is payable 50% in cash and 50% in terms of shares in CIEL Limited. Upon award, the shares are vested immediately but are issued over a period of two years.

The entitlement for the years ended 30 June 2022 and 2021 is as follows:

	2022	2021
	MUR' 000	MUR' 000
Cash settlement	-	-
Equity settlement	472	4,076
	472	4,076

The post-tax entitlement relating to 2022, was based on the average share price as at 30 June 2020 of MUR 3.49, represents 114,862 shares issued in June 2022.

29. BORROWINGS

ACCOUNTING POLICIES

Borrowings are recognised initially at fair value being their issue proceeds net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
Current	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Bank overdrafts	1,080,828	739,197	-	84,557
Bank loans repayable by instalments	1,031,555	554,311	-	-
Fixed and floating rate secured notes (Note (b))	781,762	1,590,092	417,282	33,880
Cash at call with non-subsidiaries	20,465	13,496	-	4,042
Cash at call with related parties (Note 44)	-	-	48,071	96,239
Other loans (Note (d))	3,530,992	2,783,448	-	-
Money market line	69,368	-	-	-
Export bills and vendors' financing	1,590,466	1,417,273	-	-
Import loans	1,891,560	1,144,993	-	-
	9,996,996	8,242,810	465,353	218,718
Non-current				
Bank loans repayable by instalments (Note (c))	4,556,312	4,827,731		-
Fixed and floating rate secured notes (Note (b))	4,901,254	6,279,091	2,604,635	2,984,635
Other loans (Note (d))	598,732	-	-	-
Export bills and vendors' financing	19,648	-	-	-
	10,075,946	11,106,822	2,604,635	2,984,635
Total borrowings	20,072,942	19,349,632	3,069,988	3,203,353

29. BORROWINGS (CONT'D)

(a) The bank borrowings are secured by fixed and floating charges over the assets of the Group.

(b) Break-down of the nominal value of the notes based on maturity and coupon rate is as follows:

CIEL Limited

Date of issue	Maturity	Coupon rate	No of notes issued	MUR '000
2018	5 years	4.00%	3,800	380,102
2018	7 years	4.98%	3,000	300,000
2018	10 years	5.45%	2,900	290,000
2019	7 years	4.29%	3,000	300,000
2019	7 years	4.95%	1,000	100,000
2019	8 years	4.53%	3,000	300,000
2019	8 years	5.15%	1,000	100,000
2019	10 years	5.45%	880	88,000
2019	10 years	4.95%	120	12,000
2019	15 years	5.60%	1,000	100,000
2020	10 years	5.45%	530	530,000
2021	10 years	5.45%	500	500,000
				3,000,102

CIEL Finance Limited

The fixed rate secured notes include an amount of MUR 500M taken in September 2019 by the Company. The break-down of the notes based on maturity and interest rate broken down is as follows:

Date of issue	Maturity	Coupon rate	No of notes issued	MUR '000
2019	5 years	4.50%	150,000	150,000
2019	6 years	4.62%	175,000	175,000
2019	7 years	4.76%	175,000	175,000
				500,000

29. BORROWINGS (CONT'D)

SUN Limited

Date of issue	Maturity	Coupon rate	No of notes issued	MUR '000
2016	7 years	6.50%	958,276	958,276
2016	7 years	3.95%	336,024	336,024
2020	2 years 7 months	2.63%	8,000	364,480
2020	4 years 7 months	2.63%	8,500	387,260
2020	6 years 7 months	2.63%	8,500	387,835
2020	9 years 7 months	3.70%	5,000	227,225
				2,661,100

(c) Non-current bank loans repayable by instalments can be analysed as follows: -

	THE GROUP	
	2022	2021
	MUR' 000	MUR' 000
- after 1 year and before 2 years	**874,661**	1,146,391
- after 2 years and before 3 years	**1,005,022**	858,525
- after 3 years and before 5 years	**1,624,456**	1,608,910
- after 5 years	**1,052,173**	1,213,905
	4,556,312	4,827,731

(d) Other loans

Other loans include overnight facilities taken in June 2022 from the Central Bank of Madagascar amounting to MGA 300bn with a fixed coupon rate of 7% and from Bank One amounting to MGA 20.3Bn with a fixed coupon rate of 1.6%. They also include a loan contracted by BNI Madagascar in January 2022 with Proparco for EUR 10M which has a term of 60 months and bears a fixed coupon rate of 7.66% per annum.

29. BORROWINGS (CONT'D)

(d) Other loans (Cont'd)

All borrowings are denominated in MUR except for the below:

	THE GROUP	
	2022	2021
	MUR' 000	MUR' 000
(i) Proparco loans denominated in Euros	468,659	-
(ii) Social security authority denominated in Ariary		
(i) Overnight facility	3,300,000	2,180,000
(ii) Central Bank of Madagascar	-	457,800
(iii) Other banks	224,101	-
	3,992,760	2,637,800
Repayable:		
Within one year	3,530,992	2,783,448
After one year but before two years	12,342	-
After two years but before three years	17,251	-
After three years but before five years	20,027	-
After five years	549,112	-
	4,129,724	2,783,448

29. BORROWINGS (CONT'D)

(e) The effective interest rates at the end of the reporting period were as follows:

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	%	%	%	%
Mauritian rupee				
Bank overdrafts	2.90 - 7.70	2.95 - 4.10	4.5	4.1
Bank loans repayable by instalments	2.55 - 3.85	2.55 - 3.85	-	-
Fixed rate multicurrency notes	1.5 - 7.05	1.86 - 6.68	4.00 - 5.60	4.00 - 5.60
Floating rate notes	-	-	2.85 - 3.90	2.85 - 3.90
Expert bills and vendors' financing	4.5	4.1	-	-
Money market line	2.95	2.50 - 2.80	2.50 - 2.80	2.50 - 2.80
US Dollar				
Bank overdrafts	SOFR + 1.50/+2.50	Libor + 1.5/+ 2.50/+3.25	-	-
Bank loans repayable by instalments	-	2.00 - 3.90	-	-
Finance lease obligations	SOFR + 1.00/+1.25	-	-	-
Export bills and vendors' financing	SOFR + 1.50/+2.40/+2.75	Libor + 1.5/+ 2.4	-	-
Euro				
Bank overdrafts	Euribor + 1.50/+ 2.50	Euribor + 1.5/+ 2.5	-	-
Bank loans repayable by instalments	-	-	-	-
Export bills and vendors' financing	Euribor + 1.50/+ 2.40	Euribor + 1.5/+ 2.4	-	-
Indian Rupee				
Bank overdrafts	8.50 - 9.00	8.10 - 8.70	-	-
Other currencies	17.5	17.5	-	-

29. BORROWINGS (CONT'D)

(f) The carrying amounts of the borrowings are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Rupee	6,501,863	7,984,216	3,069,988	3,203,354
Euro	7,816,257	5,104,429	-	-
US dollars	989,535	2,335,580	-	-
UK Pound	299,197	378,389	-	-
INR	936,918	635,789	-	-
Ariary	3,300,000	2,637,800	-	-
Others	229,172	273,429	-	-
	20,072,942	19,349,632	3,069,988	3,203,354

The carrying amounts of borrowings are not materially different from their fair values.

The bills discounted and the import loans are secured by fixed and floating charges over the assets of the CIEL Textile Limited.

29. BORROWINGS (CONT'D)

(g) The carrying amounts of assets pledged as security for current and non-current borrowings are:

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Non-current assets				
Fixed and floating charge				
Property, plant and equipment	21,017,709	21,811,113	-	-
Right-of-use assets	12,935	2,398,036	-	-
Investment properties	3,799,217	2,943,829	-	-
Intangible assets	27,005	72,704	-	-
Investments in subsidiaries	1,747,913	5,391,279	10,706,525	8,691,791
Investments in joint ventures	1,870,046	1,854,517	-	-
Investments in associates	287,207	416,198	-	-
Investments in other financial assets	244,698	420,894	-	-
Deposit on investments	24,029	14,772	-	-
Non-current receivable	54,224	16,920	-	-
Total non-current assets pledged as security	29,084,983	35,340,262	10,706,525	8,691,791
Current assets				
Fixed and floating charge				
Inventories	4,947,764	3,744,850	-	-
Trade and other receivables	4,396,973	3,308,536	-	-
Cash and cash equivalents	2,081,882	1,989,785	-	-
Investment in other financial assets	-	2,166	-	-
Trade and other receivables	1,482	16,082	-	-
Total current assets pledged as security	11,428,101	9,061,419	-	-

30. DEFERRED INCOME TAXES

ACCOUNTING POLICIES

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the end of the reporting period and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Deferred income taxes are calculated on all temporary differences under the liability method at the rate of **17%** (2021 - 17%).

There is a legally enforceable right to offset current tax assets against current tax liabilities and deferred income tax assets and liabilities when the deferred taxes relate to the same fiscal authority. The following amounts are shown in the statement of financial position:

	THE GROUP	
	2022	2021
	MUR' 000	MUR' 000
Deferred income tax liabilities	**1,841,764**	1,359,649
Deferred income tax assets	**(350,723)**	(419,361)
	1,491,041	940,288

Deferred income tax assets are recognised for tax losses carry-forward to the extent that the realisation of the related tax benefit through future taxable profit is probable.

Deferred income tax assets arise from the Textile, Healthcare and Hotel segments. The former two segments are profitable and hence the deferred income tax assets are deemed recoverable. The Hotel segment has made an assessment on the recoverability of its deferred income tax assets and concluded that these will be recoverable using the estimated future taxable income based on the approved business plans and budgets for the subsidiaries.

At the end of the reporting period, the Group had unrecognised deferred tax assets of **MUR 148M** (2021 – MUR 192M).

30. DEFERRED INCOME TAXES (CONT'D)

ACCOUNTING POLICIES (CONT'D)

(a) The movement on the deferred income tax account is as follows:

	THE GROUP	
	2022	2021
	MUR' 000	MUR' 000
At 1 July	**940,288**	1,060,014
Underprovision/(Overprovision) of deferred tax in previous years (Note 35)	**4,621**	6,398
Translation difference	**4,935**	3,575
Charged/(Credited) to profit or loss (Note 35)	**124,219**	(256,212)
(Credited)/Charged to other comprehensive income	**397,157**	151,126
Transfer from/(to) assets/liabilities classified as held for sale	**19,821**	(24,613)
At 30 June	**1,491,041**	940,288

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same fiscal authority, is as follows:

The Group	**Accelerated Tax Depreciation**	**Revaluation of Properties**	**Total**
	MUR '000	MUR '000	MUR '000
Deferred tax liabilities			
At 1 July 2020	867,170	873,909	1,741,079
Under/(Over) provision	1,319	(431)	888
Transfer to Assets classified as held for sale	(44,808)	-	(44,808)
Translation difference	7,972	9,833	17,805
Charged/(Credited) to profit or loss	22,448	(59,535)	(37,087)
Charged to other comprehensive income	-	112,166	112,166
At 1 July 2021	854,101	935,942	1,790,043
Under provision	**11**	**-**	**11**
Transfers	**(2,596)**	**18,357**	**15,761**
Translation difference	**(3,482)**	**6,275**	**2,793**
Charged to profit or loss	**99,947**	**11,485**	**111,432**
Charged to other comprehensive income	**-**	**386,766**	**386,766**
At 30 June 2022	**947,981**	**1,358,825**	**2,306,806**

30. DEFERRED INCOME TAXES (CONT'D)

Accounting policies (Cont'd)

	Provisions/ Others	Retirement Benefit Obligation	Tax Losses Carried Forward	Rights of use assets	Total
	MUR '000	MUR '000	MUR '000	MUR '000	MUR '000
Deferred tax assets					
At 01 July 2020	184,015	113,312	314,154	69,585	681,066
(Over)/Under provision	(8,333)	4,455	(1,631)	-	(5,509)
Transfer to Assets classified as held for sale	(17,680)	(2,514)	-	-	(20,194)
Translation difference	9,072	838	4,221	97	14,228
Credited/(charged) to profit or loss	2,923	(10,776)	220,779	6,199	219,125
Charged to other comprehensive income	(1,398)	(37,562)	-	-	(38,960)
At 01 July 2021	168,599	67,753	537,523	75,881	849,756
(Over)/Under provision	-	117	(4,727)	-	(4,610)
Transfers	(2,548)	675	(49)	-	(1,922)
Translation difference	(4,897)	(179)	795	-	(4,281)
Credited/(charged) to profit or loss	78,843	(6,492)	(83,279)	(1,859)	(12,787)
Charged to other comprehensive income	(5,927)	(4,464)	-	-	(10,391)
At 30 June 2022	234,070	57,410	450,263	74,022	815,765

	2022	2021
	MUR' 000	MUR' 000
Net deferred tax liabilities	1,491,041	940,288

31. RETIREMENT BENEFIT OBLIGATIONS

ACCOUNTING POLICIES

Defined benefit plans

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement usually dependent on one or more factors such as age, year of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) is recognised immediately in other comprehensive income in the period in which they occur. Remeasurements recognised in other comprehensive income shall not be reclassified to profit or loss in subsequent periods.

The Group determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset), taking into account any changes in the net defined liability/(asset) during the period as a result of contributions and benefits. Interest expense/(income) is recognised in profit or loss.

Service costs comprising current service cost, past service cost as well as gains and losses on curtailments and settlements are recognised immediately in profit or loss.

CIEL Textile Limited, CIEL Corporate Services Ltd, C-Care (Mauritius) Limited and Sun Limited, subsidiary companies of CIEL Limited, contribute to a defined benefit plan for certain employees.

Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Payments to defined contribution plans are recognised as an expense when employees have rendered service that entitle them to the contributions.

Gratuity on retirement

For employees who are not covered (or who are insufficiently covered by the above pension plans), the net present value of gratuity on retirement payable under the Employment Rights Act 2008 (Amended) is calculated by a qualified actuary and provided for. The obligations arising under this item are not funded.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

31. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

	THE GROUP	
	2022	2021
	MUR' 000	MUR' 000
Amounts recognised in the statement of financial position:		
– Defined pension benefits (note (a)(ii))	271,386	350,549
– Other post-employment benefits (note (b)(i))	421,101	375,464
	692,487	726,013
Analysed as follows:		
Non-current liabilities	692,487	726,013
Amounts charged to profit or loss:		
– Defined pension benefits (note (a)(iv))	64,303	74,609
– Other post-employment benefits (note (b)(iii))	54,057	65,766
	118,360	140,375
Amounts (credited)/charged to other comprehensive income:		
– Defined pension benefits (note (a)(iv))	(31,359)	(230,707)
– Other post-employment benefits (note (b)(iv))	20,285	(68,735)
	(11,074)	(299,442)

(a) Defined pension benefits

(i) Some companies of the Group operate defined benefit pension plans. The plan is a final salary plan, which provides benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement.

Group companies participate in the United Mutual Superannuation Fund, CIEL Group Segregated Fund and Sugar Industry Pension Fund and other pension schemes present in respective companies.

The assets of the plan are independently administered separately. The present value of the defined benefit obligations and the related current service cost and past service cost were measured using the Projected Unit Credit Method.

31. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Defined pension benefits (Cont'd)

	THE GROUP	
	2022	2021
	MUR' 000	MUR' 000
(ii) The amounts recognised in the statement of financial position are as follows:		
Fair value of plan assets	(1,285,656)	(1,113,551)
Present value of funded obligations	1,535,808	1,440,460
Deficit of funded plans	250,152	326,909
Present value of unfunded obligations	21,234	23,640
Liability in the statement of financial position	271,386	350,549
The net defined benefit liability is arrived at as follows:		
Balance at 1 July	350,549	556,428
Charged to profit or loss (Note 31(a)(iv))	64,303	74,609
Charged to other comprehensive income (Note 31(a)(v))	(31,359)	(230,707)
Contributions and benefits paid	(112,107)	(49,781)
Balance at 30 June	271,386	350,549

	THE GROUP	
	2022	2021
	MUR' 000	MUR' 000
(iii) The movement in the defined benefit obligation is as follows:		
Balance at 1 July	1,464,100	1,542,823
Current service cost	51,565	54,199
Interest expense	64,570	56,729
Employees' contributions	7,321	5,460
Actuarial gains/(losses)	22,451	(41,357)
Liability losses due to change in financial assumptions	1,408	(97,620)
Benefits paid	(54,373)	(56,134)
Balance at 30 June	1,557,042	1,464,100

31. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Defined pension benefits (Cont'd)

	THE GROUP	
	2022	2021
	MUR' 000	MUR' 000
(iv) The movement in the fair value of plan assets of the year is as follows:		
Balance at 1 July	1,113,551	986,395
Expected return on plan assets	55,496	31,744
Gain on plan assets, excluding interest	47,396	48,204
Actuarial gains	6,631	10,039
Scheme expenses	6,898	4,575
Cost of insuring risk benefits	(2,463)	-
Experience (losses)/gains	(6,908)	33,487
Employer contributions	112,107	49,781
Employee contributions	7,321	5,460
Benefits paid	(54,373)	(56,134)
Balance at 30 June	1,285,656	1,113,551

	THE GROUP	
The amounts recognised in profit or loss are as follows:		
Current service cost	51,565	54,199
Scheme (income)/expenses	(6,898)	(4,575)
Cost of insuring risk benefits	2,463	-
Net Interest expense	17,173	24,985
Total, included in employee benefit expense	64,303	74,609

31. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Defined pension benefits (Cont'd)

	THE GROUP	
	2022	2021
	MUR' 000	MUR' 000
The amounts recognised in other comprehensive income are as follows:		
Remeasurement on the net defined benefit liability:		
Liability experience gains/(losses)	6,908	(33,487)
Liability losses due to change in financial assumptions	1,408	(97,620)
Actuarial losses	15,821	(51,396)
Gain/(Losses) on plan assets, excluding interest	(55,496)	(48,204)
	(31,359)	(230,707)

	THE GROUP	
	2022	2021
	MUR' 000	MUR' 000
(v) The fair value of the plan assets at the end of the reporting period were:		
Cash and cash equivalents	127,885	90,267
Local equities	215,023	359,790
Overseas equities	523,826	308,334
Debt instruments	418,922	355,160
Property	-	-
Total Market value of assets	1,285,656	1,113,551

The fair value of the above equity and debt instruments are determined based on quoted market prices in active markets. The fair value of properties is not based on quoted market prices in active markets.

The breakdown of the assets above corresponds to a notional allocation of the underlying investments based on the long-term strategy of each fund.

31. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Defined pension benefits (Cont'd)

(vi) The fair value of the planned asset at the end of the reporting period was:

In terms of the individual expected returns, the expected return on equities has been based on an equity risk premium above a risk-free rate. The risk-free rate has been measured in accordance to the yields on government bonds at the measurement date. The fixed interest portfolio includes local and foreign deposits.

The expected return for this asset class has been based on these fixed deposits at the measurement date.

(vii) The principal actuarial assumptions used for accounting purposes were:

	THE GROUP	
	2022	2021
	%	%
Discount rate	3.1 - 5.5	3.1 - 5
Future salary increases	2.5 - 3.0	1.5 - 2.9

(viii) Sensitivity analysis on defined benefit obligations at end of the reporting date:

	2022		2021	
	Increase	Decrease	Increase	Decrease
	MUR '000	MUR '000	MUR '000	MUR '000
Discount rate (1% increase)	-	230,868	-	197,840
Discount rate (1% decrease)	213,739	-	151,310	-
Future long term salary assumption (1% increase)	39,798	-	18,702	-
Future long term salary assumption (1% decrease)	-	33,776	-	38,688

(ix) The sensitivity above has been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The present value of the defined benefit obligation has been calculated using the projected unit credit method. The sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

The defined benefit pension plan exposes the Group to actuarial risks such as longevity risk, salary risk, interest rate risk and market (investment) risk.

Longevity risk

The obligation for the members is calculated based on the best estimate of plan participants' mortality after retirement. Sensitivity has also been performed in respect of the mortality assumption. An increase in the life expectancy of the plan participants will increase the liability.

31. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Defined pension benefits (Cont'd)

Salary risk

The present value of the liability is calculated based on the future salary increase of the non-members and members of the plan. Sensitivity analysis of salary increase assumption has been performed to assess its impact on the liability. An increase in salary increase assumption leads to an increase the present value of the obligations.

Interest rate risk

The present value of the obligation is calculated using a discount rate based on the yields of long-term government bonds. An increase or decrease in the discount rate can have a significant impact on the liabilities.

Market (investment) risk

Market risk is the risk that the value of an investment will decrease due to moves in market factors. The fair value of the plan assets depends on all the components of the investment value. Hence, an increase or decrease in the components of investment value may have a significant impact on the fair value of the plan assets.

(x) The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan.

(xi) The Group expects to pay **MUR 91M** (2021: MUR 39M) in contributions to its post-employment benefit plans for the year ended 30 June 2022.

(xii) The weighted average duration of the defined benefit obligations ranges between 3 and 16 years at the end of the reporting period.

Experience adjustment on plan liabilities **MUR 55.4 M** (2021: MUR 62.5M).

(b) Other post-employment benefits

Other post-employment benefits comprise pensions to be paid on retirement or on death before retirement and gratuity on retirement under the Employment Rights Act 2008.

	2022	2021
	MUR' 000	MUR' 000
(i) The amounts recognised in the statement of financial position are as follows:		
Defined benefit liability	421,101	375,464
(ii) Movement in the liability recognised in the statement of financial position:		
Balance at 1 July	375,464	469,835
Total expense	54,057	65,766
Liability experience gains/(losses)	557	(145)
Actuarial gains/(losses) recognised in other comprehensive income	19,728	(68,590)
Benefits paid	(36,090)	(68,601)
Transfer to liabilities directly associated with assets classified as held for sale	7,385	(22,801)
Balance at 30 June	421,101	375,464
(iii) The amounts recognised in the profit or loss are as follows:		
Current service cost	30,670	46,545
Past service cost	7,940	4,574
Effect of curtailment and settlement	(242)	(2,440)
Interest cost	15,689	17,087
At 30 June	54,057	65,766
(iv) Amounts for the current year are as follows:		
Present value of defined benefit obligation	421,101	375,464
Actuarial losses	20,285	(68,735)

31. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(b) Other post-employment benefits (Cont'd)

(v) The principal actuarial assumptions used for accounting purposes were:

	THE GROUP	
	2022	2021
	%	%
Discount rate	2.9 - 6.3	2.4 - 7.2
Future salary increases	2.5 - 8.5	1.5 - 8.5

(vi) Sensitivity analysis on defined benefit obligations at end of the reporting date:

	2022		2021	
	Increase	Decrease	Increase	Decrease
	MUR '000	MUR '000	MUR '000	MUR '000
Discount rate (1% increase)	-	43,407	-	63,559
Future long-term salary assumption (1% increase)	39,070	-	32,003	-

The sensitivity above have been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The present value of the defined benefit obligation has been calculated using the projected unit credit method.

The sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

(vii) The weighted average duration of the defined benefit obligations ranges between 9 and 24 years at the end of the reporting period.

32. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

ACCOUNTING POLICIES

Provisions are recognised when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources that can be reasonably estimated will be required to settle the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

	2022	2021
	MUR' 000	MUR' 000
Legal claims, severance allowances and penalties	139,298	101,094
Repayable:		
Within one year	84,831	38,673
After one year	54,467	62,421

The increase in provision for legal charges is for the appeal to the Assessment Review Committee in respect of the additional duty being claimed by the Registrar General on the purchase of Four Seasons Resort (Anahita Hotel Ltd) by Sun Limited and claims lodged by former employees who were dismissed for gross misconduct.

33. OTHER PAYABLES AND DEFERRED INCOME

ACCOUNTING POLICIES

Whenever the Group has received considerations for services not yet provided, this is treated as a contract liability until the performance obligation is met.

Fees and commissions from banking segment are generally recognised on an accrual basis when the service has been provided when payment has been received in advance; the amount is credited to deferred revenue until the service is provided, at which time, revenue would be recognised.

	THE GROUP	
	2022	2021
	MUR' 000	MUR' 000
Other payables	-	13,830
Contract liabilities (i)	90,503	90,503
Deferred revenue (ii)	231,589	174,600
	322,092	278,933
Current portion	(195,926)	(99,715)
Non-Current portion	126,166	179,218

	THE GROUP	
	2022	2021
	MUR' 000	MUR' 000
(i) (a). Contract liabilities		
Investment Hotel Scheme	60,718	61,990
Golf membership fees	29,785	33,172
	90,503	95,162

33. OTHER PAYABLES AND DEFERRED INCOME (CONT'D)

	THE GROUP	
	2022	2021
	MUR' 000	MUR' 000
Include in financial statement as follows:		
Non - current liabilities	85,844	90,503
Current liabilities - under trade and other payables	4,659	4,659
	90,503	95,162
(i) (b). At 01 July	95,162	99,821
Release to profit or loss	(4,659)	(4,659)
At 30 June	90,503	95,162

In 2018, 14 rooms under the Invest Hotel Scheme (IHS) were sold generating a revenue of MUR 134.8M. A net profit before tax of MUR 46.6M were realised on the transaction. The rooms were sold by Long Beach IHS to investors who immediately leased the rooms to Long Beach Resort Ltd, for a period until the end of the Government Lease (i.e.) 2070.

The transactions take the form of a sale and lease back and were accounted as a finance lease in the Group Financial Statements. As such, excess sales proceeds over the carrying amount has been deferred in Group Financial Statements over the period of the lease term.

The profit generated on the sale and leaseback transactions between Long Beach HIS to investors have been deferred over the period until the end of the Government lease (i.e.) 2070.

(ii) Deferred revenue relates to BNI Madagascar and is broken down as follows:

	THE GROUP	
	2022	2021
	MUR' 000	MUR' 000
Income received in advance	231,589	174,600
	231,589	174,600

34. TRADE AND OTHER PAYABLES

ACCOUNTING POLICIES

Trade and other payables are stated at fair value and subsequently measured at amortised cost using the effective interest method.

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	MUR' 000	MUR '000	MUR' 000	MUR '000
Trade payable	3,521,347	2,438,528	-	-
Client advances	561,547	330,135	-	-
Payable to subsidiary companies (Note 44)	-	-	17,818	23,470
Payable to associated companies (Note 44)	5,732	-	-	-
Payable to related companies (Note 44)	9,747	21,714	-	-
Other payables	1,620,025	1,107,494	-	24
Export documentary remittances	2,457,230	1,633,936	-	-
Deposits from customers	360,605	159,036	-	-
Employees related expenses	791,036	630,133	1,024	600
Accrued expenses	611,740	390,672	15,423	18,973
Current accounts with other banks	1,753,558	29,440	-	-
Other payables to banks	12,069	316,928	-	-
	11,704,636	7,058,016	34,265	43,067

Payables are denominated in the following currencies and exclude client advances, deposits from customers and accrued expenses.

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	MUR' 000	MUR '000	MUR' 000	MUR '000
USD	1,156,502	807,790	-	-
EURO	158,257	144,304	-	-
MUR	2,718,775	2,505,768	18,842	24,094
GBP	38,597	68,331	-	-
INR	969,441	646,266	-	-
MGA	4,704,203	2,238,097	-	-
Others	424,969	158,289	-	-
	10,170,744	6,568,845	18,842	24,094

35. INCOME TAX

ACCOUNTING POLICIES

Current income tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

The current income tax charge is based on taxable income for the year calculated on the basis of tax laws enacted or substantively enacted by the end of the reporting period.

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	MUR' 000	MUR '000	MUR' 000	MUR '000
CHARGE				
Current tax on the adjusted profit for the year	441,010	291,861	-	394
(Over)/under provision in previous years	(5,047)	(6,208)	(343)	-
Corporate Social Responsibility tax ("CSR")	1,743	3,553	3	13
Deferred income tax (Note 30)	128,840	(249,814)	-	-
Charge for the year	566,546	39,392	(340)	407
Current tax charge analysed as follows :				
Continuing Operations	544,560	79,548	(340)	407
Discontinued Operations (Note 46)	21,986	(40,156)	-	-
	566,546	39,392	(340)	407
MOVEMENT				
At 1 July	(90,062)	(23,138)	81	443
Under/(over) provision in previous years	(5,047)	(6,208)	(343)	-
Charge for the year	441,010	291,861	-	394
CSR expense for the year	1,743	3,553	3	13
(Paid)/refund during the year for previous year	(152,898)	(35,692)	262	(456)
Advance payment for current year	(111,700)	(326,055)	(42)	(313)
Tax deducted at source paid for current year	(83,147)	(2,335)	-	-
Transfer to held for sales	5,997	-	-	-
Exchange difference	(5,889)	7,952	-	-
At 30 June	7	(90,062)	(39)	81
Analysed as follows:				
Current income tax liabilities	110,170	60,889	-	81
Current income tax assets	(110,163)	(150,951)	39	-
	7	(90,062)	39	81

35. INCOME TAX (CONT'D)

The tax on the profit before income tax differs from the theoretical amount that would arise using the basic tax rate:

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	MUR' 000	MUR '000	MUR' 000	MUR '000
Profit before income tax – Continuing Operations	2,985,272	772,806	340,696	130,110
Loss before income tax – Discontinued Operations (Note 46)	(264,735)	(287,537)	-	-
	2,720,537	485,269	340,696	130,110

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	MUR' 000	MUR '000	MUR' 000	MUR '000
Tax calculated at a rate of 17% (2021: 17%)	462,491	82,496	57,918	22,119
Tax effect of :				
Income not subject to tax	(58,954)	(331,131)	(99,693)	(62,555)
Expenses not deductible for tax purposes	89,408	284,382	41,778	40,843
Effect of different tax rate	41,369	8,933	-	-
(Over)/Under provision income tax previous years	(5,047)	(6,208)	(343)	-
(Over)/Under provision deferred tax previous years	4,621	6,398	-	-
Utilisation of tax losses	9,107	(79,051)	-	-
Investment tax relief	(1,196)	(7,374)	-	-
Foreign tax credit	(17,132)	(4,097)	-	-
Effect of tax losses unrecognised	-	(1,745)	-	-
Deferred tax asset not recognised	47,875	85,054	-	-
Covid Levy	-	18,680	-	
Other adjustments	(5,996)	(16,945)	-	-
	566,546	39,392	(340)	407
Analysed as follows:				
Continued operations	544,560	79,548	(340)	407
Discontinued operation	21,986	(40,156)	-	-
	566,546	39,392	(340)	407

36. DIVIDENDS PER SHARE

ACCOUNTING POLICIES

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are declared.

	THE GROUP AND THE COMPANY	
	2022	2021
	MUR' 000	MUR '000
Amounts recognised as distributions to equity holders in the year:		
Final dividend payable for the year ended 2022 of **MUR 0.16** (2021: Nil)	270,010	-
Interim dividend paid for the year ended 2022 of **MUR 0.05** (2021: Nil)	84,372	-
	354,382	-

	THE GROUP AND THE COMPANY	
	2022	2021
	MUR' 000	MUR '000
Amount payable as at 1 July	-	-
Declared during the year	354,382	-
Amount paid during the year	(84,372)	-
Amount payable as at 30 June	270,010	-

37. DEPOSITS FROM CUSTOMERS

ACCOUNTING POLICIES

Deposits from customers are classified as financial liabilities at amortised cost. They are initially measured at fair value and subsequently carried at amortised cost.

	THE GROUP	
	2022	2021
Banking Segment	MUR' 000	MUR '000
Demand deposits	22,181,968	19,874,258
Savings deposits	5,377,770	5,014,260
Time deposits with remaining terms to maturity:		
Within 1 year	5,259,990	4,190,691
Over one year and up to five years	273,282	8,990
	33,093,010	29,088,199
Current	32,819,728	29,079,209
Non-current	273,282	8,990
Individuals	18,321,801	7,627,663
SMEs	1,255,058	2,125,501
Mid Caps	3,567,366	3,701,355
Other corporate	9,948,785	15,633,680
	33,093,010	29,088,199

38. RECONCILIATION OF PROFIT/(LOSS) BEFORE INCOME TAX TO CASH GENERATED FROM OPERATING ACTIVITIES

		THE GROUP		THE COMPANY	
	Notes	2022	2021	2022	2021
(a) Cash flow from operating activities		MUR' 000	MUR '000	MUR' 000	MUR '000
Reconciliation of profit before income tax to cash generated from operations:					
Profit before income tax – continuing operation		2,985,272	772,806	340,696	130,110
Loss before income tax – discontinued operation	46(b)	(264,735)	(287,537)	-	-
Amortisation of intangible assets	11	114,310	92,366	-	-
Depreciation on property, plant and equipment	9(a)	1,063,715	1,130,182	-	-
Depreciation on right of use assets	16	212,291	176,813	-	-
Interest expense	6	923,053	1,065,087	144,702	140,134
Interest income	6	(71,884)	(20,071)	(571)	(576)
Fair value gain on investment property	10	(185,052)	(959,638)	-	-
Fair value gain on asset held for sale	21	-	20,106	-	-
Fair value movement on derivatives		(188,343)	(6,213)	-	-
Share of result of joint ventures	7(d)	(197,276)	9,588	-	-
Share of result of associates	7(d)	(234,625)	(276,912)	-	-
Profit on disposal of associate	14(f)	(5,713)	(26,658)	-	-
Write off of other financial assets	15	5,547	-	-	-
Intangible assets write off	11	121	11,382	-	-
Property, plant & equipment written off	9 &16	10,242	38,543	-	-
Gain from bargain purchase		(34,673)	-	-	-
Bad debts	5(a)	207,155	-	-	-
Impairment of property, plant & equipment	9(a)	(3,229)	392,049	-	-
Provision for impairment and write off of inventories	18	29,761	48,762	-	-
Provision for impairment of financial assets	7(b)	40,542	152,094	-	-
Provision for impairment on loans and advances to customers	7(b)	433,801	220,535	-	-
Movement in provisions and deferred revenue	32 & 33	81,364	18,049	-	-
(Decrease)/increase in provision for retirement benefit obligations net of benefits paid		(39,507)	21,993	-	-
Amortisation of transaction costs on borrowings		-	17,061	-	-
Unrealised exchange difference		(352,913)	365,469	-	1,211
Rent concession	16 (a)	14,658	(99,053)	-	-
Profit on disposal of investment property	5 (a)	(9,399)	(31,812)	-	-
Profit on disposal of plant and equipment		(54,765)	(8,994)	-	-
Profit on disposal of investment/plant and equipment from discontinued operations		(62,232)	(29,036)	-	-
		4,417,486	2,806,961	484,827	270,879

38. RECONCILIATION OF PROFIT/(LOSS) BEFORE INCOME TAX TO CASH GENERATED FROM OPERATING ACTIVITIES (CONT'D)

		THE GROUP		THE COMPANY	
	Notes	2022	2021	2022	2021
(a) Cash flow from operating activities		MUR' 000	MUR '000	MUR' 000	MUR '000
Changes in working capital:					
- trade and other receivables		(2,896,799)	(342,648)	(238,194)	(303,480)
- loans and advances		(4,665,067)	(2,379,602)	-	-
- investment securities		(69,090)	(1,268,687)	-	-
- loans and advances to banks		-	41,881	-	-
- inventories		(1,370,869)	(647,080)	-	-
- trade and other payables		4,535,293	821,772	(8,804)	23,035
- deposits from customers		3,737,946	3,373,245	-	-
Cash generated from operating activities		3,688,900	2,405,842	237,829	(9,566)

39. NOTES TO THE STATEMENTS OF CASH FLOWS

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	MUR' 000	MUR '000	MUR' 000	MUR '000
(a) Cash and cash equivalent				
Cash in hand and at bank	1,334,939	1,715,540	-	-
Foreign currency notes and coins	169,057	134,792	-	-
Balances with central bank	4,124,089	3,029,100	-	-
Balances due in clearing	(14,264)	22,899	-	-
Balances with bank	3,439,375	2,747,510	12,325	6,744
Placements	3,648,438	2,281,334	-	53
	12,701,634	9,931,175	12,325	6,797
Bank overdrafts	(1,080,828)	(739,197)	-	(84,557)
Cash at call - related parties	(69,368)	-	(48,070)	(96,239)
	11,551,438	9,191,978	(35,745)	(173,999)

39. NOTES TO THE STATEMENTS OF CASH FLOWS (CONT'D)

(b) Year ended 30 June 2022	THE GROUP Cash/Bank Overdraft	Total Borrowings	Lease Liabilities	Total	THE COMPANY Cash/Bank Overdraft	Total Borrowings	Total
	MUR '000	MUR '000	MUR '000	MUR '000	MUR '000	MUR '000	MUR '000
Net debt as at 01 July 2021	9,191,978	(18,610,435)	(3,265,163)	(12,683,620)	(173,999)	(3,022,559)	(3,196,558)
Cashflows	2,278,641	-	-	2,278,641	138,253	-	138,253
Additions	-	(5,988,408)	(355,951)	(6,344,359)	-	-	-
Repayments	-	5,409,241	239,241	5,648,482	-	637	637
Movement in finance cost		(24,008)	(219,634)	(243,642)	-	-	-
Rent concession	-	-	14,658	14,658	-	-	-
Foreign exchange adjustment	80,819	290,864	122,586	494,269	-	-	-
Net debt as at 30 June 2022	11,551,438	(18,922,746)	(3,464,263)	(10,835,571)	(35,746)	(3,021,922)	(3,057,668)

During the financial year 30 June 2022, the Group received a rental concession of MUR **15M** (2021: MUR 99M) on state owned lands.

(c) Year ended 30 June 2021	THE GROUP Cash/Bank Overdraft	Total Borrowings	Lease Liabilities	Total	THE COMPANY Cash/Bank Overdraft	Total Borrowings	Total
	MUR '000	MUR '000	MUR '000	MUR '000	MUR '000	MUR '000	MUR '000
Net debt as at 01 July 2020	6,884,244	(19,390,371)	(3,559,333)	(16,065,460)	25,649	(2,968,442)	(2,942,793)
Cashflows	2,239,496	-	-	2,239,496	(199,648)	-	(199,648)
Additions	-	(6,947,926)	-	(6,947,926)	-	(504,117)	(504,117)
Repayments	-	8,561,619	204,389	8,766,008	-	450,000	450,000
Waiver	-	-	99,053	99,053	-	-	-
Foreign exchange adjustment	68,238	(833,757)	(9,272)	(774,791)	-	-	-
Net debt as at 30 June 2021	9,191,978	(18,610,435)	(3,265,163)	(12,683,620)	(173,999)	(3,022,559)	(3,196,558)

40. CONTINGENCIES

ACCOUNTING POLICIES

At 30 June 2022, the Group had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities would arise.

CIEL Finance Limited has floating charges as follows :

i. EUR 4M from the Mauritius Commercial Bank in favour of a bank to counter-guarantee BNI Madagascar in respect of credit concentration limits imposed by the Malagasy regulator.

ii. Over its assets in favour of The Mauritius Commercial Bank, acting as Noteholders' Representative under the Notes Issue effected in September 2019, for a maximum amount of MUR 500M in principal plus any interests and related costs.,

iii. Over its assets in favour of The Mauritius Commercial Bank, in respect of an overdraft facility for MUR 80M.

CIEL Textile Limited had contingencies in respect of tax assessments, legal cases and bank guarantees to third parties in respect of expatriates amounting to **MUR 100.5M** (2021: MUR.89.3M).

CIEL Healthcare Limited

	THE GROUP 2022	2021
	MUR' 000	MUR '000
Contingent liabilities		
Bank and other guarantees	1,770	1,670

At 30 June 2022, the Group has contingent liabilities in respect of bank and other guarantees of **MUR 1.8m** (2021: MUR 1.7m).

A plaint with summons was served on the company by Metropolis Bramser Lab Services (Mtius) Ltd ("Metropolis") claiming compensation amounting to MUR 150M (30 June 2021: MUR 150M) for damages suffered as a result of inter alia an alleged wrongful termination of the contract between the company and Metropolis. The company is strongly disputing this claim and the case has been fixed for 6th and 10th March 2023. Based on the legal advice obtained, management and the board have reasonable grounds to expect that no material financial impact will arise for the company.

There are also some legal cases regarding medical negligence against the Company for which judgement are yet to be delivered. The aggregate claims from plaintiffs for these legal cases amounts to **MUR 386M** (30 June 2021: MUR 492M).

41. COMMITMENTS

	THE GROUP 2022 MUR' 000	2021 MUR' 000
(a) Capital Commitments		
Authorised by the directors and contracted for	**64,767**	145,573
Authorised by the directors but not contracted for	**599,000**	315,000
	663,767	460,573

(b) Guarantees and other obligations on account customers and commitment – Banking Segment

The guarantees and other obligations on account of customers and commitments for the banking segment amount to **MUR 4.4Bn** as at 30 June 2022 (2021: MUR 4.6Bn) denominated in Ariary.

42. DERIVATIVE FINANCIAL INSTRUMENTS

ACCOUNTING POLICIES

As permitted by IFRS 9, the Group has elected to continue applying IAS 39 for hedge accounting requirements, hence the below accounting policies are applicable for both the financial years ended 30 June 2022 and 2021.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group designates certain derivatives as either:

- Hedges of the fair value of recognised liabilities (fair value hedge);
- Hedges of a particular risk associated with a recognised liability or a highly probable forecast transaction (cash flow hedge); or
- Hedges of a net investment in a foreign operation (net investment hedge).

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Cash flow hedge

The Group applies only fair value hedge accounting for hedging fixed interest risk on borrowings. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in profit or loss within finance costs. The gain or loss relating to the ineffective portion is recognised in profit or loss.

Changes in the fair value of the hedge fixed rate borrowings attributable to interest rate risk are recognised in profit or loss within finance costs.

42. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

Cash flow hedge

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity.

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss.

Derivatives include forward exchange contracts and interest rate swaps with a notional amount of **MUR Nil** (2021: MUR 4.2Bn).

	THE GROUP Level 2 MUR' 000	Total MUR' 000
At 30 June 2022		
Assets	**236,641**	**236,641**
Derivatives used for hedging		
Liabilities		
Derivatives used for hedging	**(66,610)**	**(66,610)**
	170,031	**170,031**
At 30 June 2021		
Assets		
Derivatives used for hedging	74,380	74,380
Liabilities		
Derivatives used for hedging	(92,691)	(92,691)
	(18,311)	(18,311)

a. Assets	THE GROUP Level 2	Level 3	Total
Derivatives used for hedging	MUR' 000	MUR' 000	MUR' 000
Balance as at 01 July 2020	98,109	9,370	107,479
Losses recognised in profit or loss	(23,729)	(9,370)	(33,099)
Balance as at 30 June 2021	74,380	-	74,380
Gains recognised in profit or loss	**162,261**	**-**	**162,261**
Balance as at 30 June 2022	**236,641**	**-**	**236,641**

b. Liabilities	THE GROUP Level 2 MUR' 000	Total MUR' 000
Derivatives used for hedging		
Balance as at 01 July 2020	(132,003)	(132,003)
Gains/(losses) recognised in profit or loss	39,312	39,312
Balance as at 30 June 2021	(92,691)	(92,691)
Gains/(losses) recognised in profit or loss	**26,081**	**26,081**
Balance as at 30 June 2022	**(66,610)**	**(66,610)**

c. Amount recognised in profit or loss	THE GROUP 2022 MUR '000	2021 MUR '000
Assets	**162,261**	(33,099)
Liabilities	**26,081**	39,312
	188,342	6,213

d. Amount recognised in other comprehensive income	THE GROUP 2022 MUR '000	2021 MUR '000
Assets	**-**	-
Liabilities	**-**	-
	-	-

43. CASH FLOW HEDGE

ACCOUNTING POLICIES

Textile Segment

The Textile segment is involved in the production and sale of textile apparel, most of which is done through exports to foreign countries. The Textile Group is made up of Knitwear Cluster, Fine knits Cluster and Woven Cluster and is exposed to foreign exchange risk on the sale of textile products denominated in foreign currency. The Textile segment exports almost all of its production (South African Rand 'ZAR', United States Dollars 'USD', Great Britain Pound 'GBP' and Euro 'EUR').

The Textile segment is mainly faced to the following foreign exchange exposures:

Pre-transaction foreign currency risk

This arises before the transaction ('sale') becomes contractual while a quote is given to the client in foreign currency. Even though the transaction is not confirmed, movement in exchange rate to the disfavour of the Textile segment signifies a potential risk. If a customer later accepts the quote received, there is a risk that the foreign currency price then converted to MUR will not bring the desired margin.

Transaction foreign currency risk

Transactional foreign currency risk arises as soon as there is a contractual obligation between the Textile segment and the foreign customers. If nothing is done, there is a certain risk that the foreign exchange rate may weaken and if it so happens, the Group may only lose the intended margin on the transaction and may even incur losses if the exchange rate variations are drastically in disfavour of the segment.

The Textile segment adopted the following strategy:

The Treasury Committee and Chief Executive of the segment are responsible for the decision making, with the intention to take cover, through forward exchange contracts with a view to cover for sale transactions that are judged as being highly probable. The intention is to cover for transactional exposures as they are unveiled. Prerogative is given to the Treasury Committee and Chief Executive of the segment to decide if they would keep part of this position uncovered with the view of benefiting from potential currency appreciation against the MUR.

The Textile segment enters into forward covers to manage its foreign exchange risk on foreign denominated sales. Forward exchange covers are taken for orders received and which are highly probable, and this is designated as a cash flow hedge. Forward covers are used as a mechanism to fix the amount of foreign currency denominated sales which are used to modify cash flow between financial instrument and sales receipts upon realisation.

Financial instruments taken to hedge the Textile segment's sales are fair valued and recognised in the statement of financial position as financial assets/liability. For those sales on which a forward has been taken and which has materialised, the resulting fair value gain/loss on re-measurement is accounted for in profit or loss while for those transactions for which the underlying sale has not yet materialised, the fair value gain/loss is recorded in other comprehensive income. The latter is then recycled to profit or loss as soon as the sale materialises, and the goods are shipped.

43. CASH FLOW HEDGE (CONT'D)

ACCOUNTING POLICIES (CONT'D)

Textile Segment (Cont'd)

The Textile segment enters into forward contracts (hedge instrument) to buy or sell foreign currencies at a specified future time at a price agreed upon the contract date. The price is locked until delivery of sales order which normally will not exceed 9 months. Hedge instruments, in this case forward exchange contracts, are expected to be highly effective to mitigate the foreign currency risk exposure on sales (hedged item). By selling forward, the Textile segment expects to mitigate long term currency exchange risk and will revalue in the opposite direction to the underlying transaction.

The objective of the Textile segment is to cover identified exposures (i.e. confirmed orders or highly probable sales orders) to the minimum of 75% and a maximum of 125%. However, this benchmark is determined on a case to case basis by the CEO and treasury committees of the respective business clusters while taking into consideration the specific transaction requirements.

For all sales not yet shipped and for which a forward exchange contract cover has been taken, the Textile segment performs a revaluation of outstanding forward contracts relating to cash flow hedges which is then recorded in the statement of comprehensive income.

Revaluation of outstanding forward contracts relating to transaction for which an asset has already crystallised in the statement of financial position (sales already shipped, and debtors raised) will be recorded in profit or loss.

Subsequently, the cash flow hedge recognised in other comprehensive income will be reversed in profit or loss in the following year, as an underlying asset would already have crystallised upon the orders being shipped (Sales not shipped last year would have been shipped this year).

Hedge instruments in the form of forward foreign exchange contracts is expected to be highly effective as the unshipped sales, which represents the hedged item, has a direct economic relationship to the forward foreign exchange contract entered into to mitigate the foreign exchange exposure on the Textile segment's unshipped and confirmed sales orders at year end.

Although effectiveness is certain to be 100% as long as plain vanilla forward contracts are used, a 10% error margin in the hedge effectiveness is considered as acceptable. To determine effectiveness of the hedge, the list of hedge instruments (forward contracts) are matched with list of sales not yet shipped/highly probable sales (hedged items).

The Textile segment has a single risk category which is the foreign exchange risk on foreign denominated sales.

The Textile segment does not have any forecast transaction for which hedge accounting had been used in the previous period, but which is no longer expected to occur.

43. CASH FLOW HEDGE (CONT'D)

ACCOUNTING POLICIES (CONT'D)

Textile Cluster

The following table details the forward foreign currency (FC) contracts outstanding at the end of the reporting period:

	2022	2021	2022		2021		2022	2021	2022	2021	2022	2021
Outstanding contracts	**Average exchange rate**		**Sell**	**Buy**	**Sell**	**Buy**	**Fair value**		**Contract value**		**Gain/(loss)**	
			FC'000	FC'000	FC'000	FC'000	**Rs '000**	Rs '000	**Rs '000**	Rs '000	**Rs '000**	Rs '000
Sell currency EUR and buy currency USD	**1.08**	1.13	**2,923**	3,167	2,885	3,256	**(105,109)**	(92,081)	**(98,775)**	(90,586)	**6,334**	1,495
Sell currency EUR and buy currency MUR	**-**	48.72	**-**	-	536	26,113	**-**	(26,113)	**-**	(26,689)	**-**	(576)
Sell currency GBP and buy currency USD	**1.36**	1.34	**5,417**	7,360	4,665	6,252	**(321,623)**	(262,895)	**(285,852)**	(270,073)	**35,771**	(7,178)
Sell currency GBP and buy currency MUR	**58.65**	57.70	**2,129**	124,873	1,312	75,700	**(124,873)**	(75,700)	**(111,892)**	(76,105)	**12,981**	(405)
Sell currency ZAR and buy currency USD	**0.06**	0.07	**183,933**	11,569	137,227	9,526	**363,685**	220,720	**393,553**	236,621	**29,868**	15,901
Sell currency ZAR and buy currency MUR	**2.78**	2.50	**371,399**	1,031,225	194,233	486,195	**489,549**	(35,118)	**565,194**	(50,090)	**75,645**	(14,972)
Sell currency USD and buy currency MUR	**44.27**	41.41	**21,065**	932,504	25,941	1,074,090	**932,504**	863,643	**948,166**	845,654	**15,662**	(17,989)
Sell currency USD and buy currency ZAR	**15.84**	-	**1,800**	28,506	1,500	17,074	**83,651**	17,963	**80,573**	18,731	**(3,078)**	768
Sell currency USD and buy currency INR	**77.41**	75.40	**18,755**	1,451,817	7,350	554,206	**813,017**	321,439	**797,582**	322,958	**(15,435)**	1,519
Sell currency GBP and buy currency INR	**104.75**	104.25	**1,327**	138,999	1,150	119,886	**77,840**	69,534	**80,862**	69,655	**3,022**	121
Sell currency EUR and buy currency INR	**86.29**	91.36	**3,594**	310,143	2,600	237,527	**173,680**	137,766	**176,388**	140,500	**2,708**	2,734
Total							**2,382,321**	1,139,158	**2,545,799**	1,120,576	**163,478**	(18,582)

	THE GROUP	
	2022	2021
Recognised as follows:	**MUR' 000**	MUR' 000
On statement of financial position		
Fair value asset on forward contracts	**173,183**	8,973
Fair value liability on forward contracts	**(9,705)**	(27,555)
	163,478	(18,582)
In statement of profit or loss		
Gain/(Loss) on financial derivatives	**188,186**	(29,396)
In statement of other comprehensive income		
Gain on financial derivatives	**-**	10,814
	188,186	(18,582)

Hotels & Resorts segment

The segment is exposed to foreign currency risk, most significantly to the Euro, Pound Sterling and US Dollar, on the segment's sales denominated in these currencies. The segment hedges these exposures by entering into foreign currency loans ("hedging instruments") with future principal payments that will match the future sales ("hedged item") in these currencies. All exchange differences arising on the conversion of foreign currency loans are deferred in equity, under the cash flow hedge reserve to the extent that the hedge is effective. On recognition of the hedged sales, the foreign currency gain/loss is netted off by releasing a portion of the cash flow hedge reserve.

The Hotels and Resorts segment has reviewed the hedging portfolio to confirm whether the underlying transactions remain "highly probable".

At the time of reporting, management has identified:

(i) A portion of foreign currency sales which are no longer deemed to be "highly probable" but are still expected to occur. Hence, the corresponding cumulative gain or loss deferred in equity whilst the hedge was effective remains in equity until the forecasted transaction occurs.

(ii) A portion of foreign currency sales which are no longer deemed to the "highly probable" and are not expected to occur. Hence the corresponding cumulative gain or loss deferred in equity whilst the hedge was effective are immediately removed from equity and are recognised in the statement of profit or loss.

43. CASH FLOW HEDGE (CONT'D)

ACCOUNTING POLICIES (CONT'D)

Hotels & Resorts segment (Cont'd)

Below is a schedule indicating as at 30 June 2022, the periods when the hedge cash flows are expected to occur and when they are expected to affect profit or loss.

THE GROUP	Within 1 year	1 to 3 years	3 to 5 years	More than 5 years
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
2022				
Cash inflows	**803,083**	**1,333,405**	**1,347,851**	**922,465**
Cash outflows	**(803,083)**	**(1,333,405)**	**(1,347,851)**	**(922,465)**
Net cash outflows	**-**	**-**	**-**	**-**
2021				
Cash inflows	-	2,497,211	1,416,828	740,943
Cash outflows	(229,403)	(2,863,642)	(1,416,828)	(740,943)
Net cash outflows	(229,403)	(366,431)	-	-

43. CASH FLOW HEDGE (CONT'D)

ACCOUNTING POLICIES (CONT'D)

Financial services segment

The Financial services segment had the following forward foreign exchange contracts outstanding at the end of the reporting period.

	Notional amount		Carrying amount	
	Sell	Buy	Assets	Lisabilities
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
2022				
EUR to MUR	**1,481**	**27,516**	**119**	**433**
EUR to USD	**38,832**	**10,348**	**933**	**898**
GBP to MUR	**51,550**	**47,130**	**6,411**	**6,411**
GBP to USD	**6,817**	**6,128**	**714**	**714**
USD to MUR	**1,129,823**	**950,329**	**22,209**	**15,388**
ZAR to MUR	**727,419**	**734,950**	**30,537**	**31,964**
ZAR to USD	**37,749**	**22,890**	**2,534**	**1,097**
2021				
EUR to MUR	74,512	78,564	3,034	3,456
EUR to USD	14,699	-	-	307
GBP to MUR	32,455	34,602	1,001	1,062
GBP to USD	1,168,121	1,060,284	43,578	42,361
USD to MUR	280,296	280,296	21,180	21,180

44. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) The Group		Dividend Income MUR '000	Rental and Other Income MUR '000	Management Fees Receivable MUR '000	Amount owed by Related Parties MUR '000	Amount owed to Related Parties MUR '000
Associated companies	2022	60,530	18,650	6,865	31,236	7,548
	2021	57,962	1,015	-	27,961	-
Enterprises that have a number of common directors	2022	-	217	-	9,018	9,747
	2021	-	18,998	19,672	87,539	21,714
Joint ventures in which the company is a venturer	2022	84,000	1,741	-	-	-
	2021	-	-	-	-	-
Shareholders, Director and Key management personnel	2022	-	400	-	-	5,467
	2021	-	-	-	-	7,075

44. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

(b) The Company		Dividend Income MUR '000	Management Fees and Other Expenses MUR '000	Interest, Rental and Other Income MUR '000	Financial Charges MUR '000	Loans at Call MUR '000	Amount owed by Related Parties MUR '000	Amount owed to Related Parties MUR '000
Subsidiary companies	2022	577,733	61,205	526	1,532	48,070	555,533	17,818
	2021	360,320	59,891	545	2,005	96,239	316,428	23,470
Associated companies	2022	7,793	-	-	-	-	376	-
	2021	4,595	-	-	-	-	380	-

Amounts owed to/by related parties are unsecured and are repayable on demand. There have been no guarantees provided or received for any related party receivables/payables. The Company has not recorded any impairment of receivables during the year. This assessment is undertaken each year through examining the financial position of the related party.

Management fees and other expenses relate to services provided for Strategic, Corporate Governance, Company Secretary & Registry, Legal Support, Communication and Corporate Finance.

Key management personnel salaries and compensation

	THE GROUP	
	2022	2021
	MUR' 000	MUR '000
Salaries and short-term employee benefits	527,676	337,843
Post-employment benefits	18,987	19,123
	546,663	356,966

45. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's objective is to provide long term capital growth and regular appreciation in dividend income distribution to investors. This objective is being fulfilled through investing in a diversified portfolio of equity and equity related investments.

(i) Banking specific segment

BNI Madagascar SA ("BNI") is a bank under the financial services segment. The Group analyses the financial risk management of BNI separately as the banking operations are different compared to other entities in the Group which are involved in various non-banking activities.

BNI's activities expose it to financial risks such as market risk (including currency and interest rate risk), credit risk and liquidity risk.

(ii) Non-banking specific segment

Textile segment

The cluster's credit risk is primarily attributable to its trade receivables and bank balances. For banks and financial institutions, the cluster only transacts with highly reputable counterparties. The amount presented within the Group's segmental note is net of allowances for doubtful receivables, estimated by the management based on prior experience and the current economic environment. The cluster has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

Hotels and Resorts segment

The cluster has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The cluster only transact with entities of good credit rating. This information is supplied by independent rating agencies where available and, if not available, the cluster uses other publicly available financial information and its own trading records to rate its major customers. The cluster's exposure and the credit risks of its counterparties are continuously monitored. The carrying amount of financial assets recorded, which is net of impairment losses, represents the cluster's maximum exposure to credit risk without considering the value of any collateral obtained.

Agro & Property segment

The cluster's risk is primarily attributable to its receivables. The amount presented within the Group's segmental note is net of allowances for doubtful receivables, estimated by the management based on prior experience and the current economic environment.

Healthcare segment

The cluster's risk is primarily attributable to its trade receivables. The amount presented within the Group's segmental note is net of allowances for credit losses, estimated by the management based on prior experience and the current economic environment. The cluster has a dedicated debtors recovery team that monitors its debtors balance. Where applicable, the cluster takes necessary legal actions in order to recover its balances from the debtors. The cluster has no significant concentration of credit risk, with exposure spread over a large number of counterparties.

Financial services segment

The cluster's credit risk from its non-banking operations is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of provision for impairment calculated in accordance with IFRS 9 based on history, the current economic environment, and future macro-economic variables. The cluster has policies in place to ensure that sales of services are made to customers with an appropriate private credit history. The credit quality of this financial asset can be assessed by the historical information about the financial strengths of the financial institutions the cluster is dealing with. In the opinion of the cluster, there is no associated risk as these are reputable institutions.

45. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors (Cont'd)

The cluster has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The cluster has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable. The cluster does not hold any collateral security for receivables relating to the non-banking segment.

(b) Credit risk

Credit risk is the risk of suffering financial loss, should any customers, clients or market counterparties fail to fulfil their contractual obligations to the Group.

(i) Non-banking specific segment

The credit risk exposure of the Group's non-banking segment has been assessed in Notes 19(e), 20 and 24.

(ii) Banking specific segment – BNI Madagascar SA ("BNI")

Credit risk arises mainly from commercial and consumer loans and advances, credit cards, and loan commitments arising from such lending activities, but can also arise from credit enhancement provided, such as financial guarantees, letters of credit, endorsements and acceptances.

The Bank is also exposed to other credit risks arising from investments in debt securities and other exposures arising from its trading activities ('trading exposures'). The exposure to credit risk is managed by the credit risk management team led by Chief Risk Officer who reports to the Indian Ocean Financial Holding Limited's (IOFHL) credit and risk committees.

Credit risk management

The Group has clear policies to manage its credit risks from its banking operations. This includes tolerance thresholds, maximum exposure limits, having an approval process that maintains the equilibrium between strategic objectives and risk management. All policies and limits are presented to the board for approval and information.

The strategy is to set a global acceptable level of risk and exposure limits and then to put in place the required framework to ensure that the risks taken remain within the acceptable threshold. The risk appetite approved by the Board includes a global limit set with regards to various counterparties, sovereigns and sectors. The credit policies are subject to an annual review.

Management regularly reviews the loan portfolio, including non-performing loans, and quarterly submits reports to the credit committee to ensure adequacy of provision and monitoring of non-performing facilities.

Risk limit control and mitigation policies

BNI manages limits and controls concentrations of credit risk wherever they are identified – within individual counterparties, groups and sectors.

BNI structures credit risk by placing limits on the level of risk accepted for one borrower, one group of borrowers, or for industry segments. Such risks are monitored on a recurring basis and are subject to annual or more frequent reviews when considered necessary. Limits on the level of credit risk by product or industry sector are monitored quarterly by the Credit Committee, which thereafter reports to the Board of Directors.

Lending limits are reviewed in the light of changing market and economic conditions and periodic credit reviews and assessments of probability of default.

45. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(ii) Banking specific segment – BNI Madagascar SA ("BNI") (Cont'd)

Risk limit control and mitigation policies (Cont'd)

Counterpart limits

BNI defines a single counterparty as a legally and/or financially consolidated counterparty or group of counterparties. The local regulatory framework provides for two prudential ratios that need to be met at all times:

1. Commitment to a single counterparty should not exceed 35% of the Bank's equity 2
2. All major risks (cumulative commitments in favor of shareholders, the Board of Directors and auditors) is set at a maximum threshold of 10% of equity.

In principle, the maximum risk that the Bank is prepared to take is defined according to the creditworthiness, expected credit loss (ECL) and probability of default (PD) of the counterparty. And as a general rule, limits are proportional to both the equity of the bank and that of the counterparty.

Sectorial limits

BNI aims to maintain a reasonably diversified portfolio in terms of exposure to business sectors. To this end, limits have been set and regularly revised for the maximum credit exposure to a single sector (as a percentage of total exposure) according to the dynamics, outlook and risk profiles of each sector, assessed periodically through sector reviews carried out by the Bank.

Sovereign limits

The key attribute for determining sovereign limits is the country risk rating assessed by rating agencies and the sovereign risk assessment conducted internally. This assessment is regularly updated based on the macroeconomic outlook, changes in the business environment, the quality of governance as well as the country's political risk profile.

Credit monitoring system

- Watch-list committee in place to review changes in risk grade of customers and to closely monitor watch-listed customers.
- Close monitoring and follow up strategies have also been put in place to engage with borrowers as soon as they show signs of distresses (decrease in cash flow domiciliation, deterioration in risk grade and credit scoring, industry distress, etc.), especially in the corporate segment. An early warning system has been embedded to monitor borrower-specific signs of distress, and a systematic reporting is frequently addressed to senior management and risk committees.

Portfolio stress testing

- An effective portfolio stress test program is carried out periodically by the bank as it plays an important role in facilitating the development of credit risk mitigation plans.
- This stress test program is documented and the results analysed in order to strengthen the overall credit risk management framework.

Recovery

- The Recovery Unit has been reinforced and is being reorganized further to the appointment of a new Head of Recovery in May 2022.
- To be more effective in recovery and foster a better management of the NPL portfolio, a recoverability score mechanism is in place, especially for Corporate and SME NPLs. This approach allows the recovery department to adopt a proactive strategy for each segment.
- Enhancement of NPL report and dashboard to Senior Management and Board Credit Committees.

45. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(ii) Banking specific segment – BNI Madagascar SA ("BNI") (Cont'd)

Risk limit control and mitigation policies (Cont'd)

Limit management and mitigation policies

(a) Collateral

As part of its policy to mitigate credit risks, the bank secures collateral against disbursed funds.

The principal collateral types for loans and advances are:

- Mortgages over residential properties.
- Charges over business assets such as premises, inventory and trade receivables.
- Charges over financial instruments such as debt securities and equities.

Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured. In addition, in order to minimise the credit loss, the bank seeks additional collateral from the counterparty as soon as impairment indicators are identified for the relevant loans and advances.

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

(b) Lending limits (for loan books)

BNI maintains strict control limits on loan books. The amount subject to credit risk is limited to expected future net cash inflows of instruments, or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements.

Collateral or other security is not always obtained for credit risk exposures on these instruments, except where the Bank requires margin deposits from counterparties.

Settlement risk arises in any situation where a payment in cash, securities or equities is made in the expectation of a corresponding receipt in cash, securities or equities.

(c) Financial covenants (for credit related commitments and loan books)

Documentary and commercial letters of credit – which are written undertakings by the bank on behalf of a customer authorising a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions – are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, BNI is potentially exposed to loss of an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards (often referred to as financial covenants).

BNI monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

45. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(ii) Banking specific segment – BNI Madagascar SA ("BNI") (Cont'd)

Risk limit control and mitigation policies (Cont'd)

(d) Collateral review policy

As part of the monitoring of credit risks, the need for continuous monitoring of the realisable value of the collateral held by the bank is important in order to ensure that there is a net realizable value to cover the outstanding amount. Thus, the need to justify the valuation of collateral is necessary:

- Upon initial disbursement;
- When renewing the customer's credit line and according to the following criteria:
  - Real estate: every 3 years;
  - Vehicles and Equipment: every year;
  - For pledged stocks: as per frequency stipulated in the credit agreement which can vary from 3 months to a year
- Before the establishment of the pledge to ascertain the existence of stocks and to verify whether the stocks are pledged or not;
- At the first release and/or additional release via promissory notes ;
- On the renewal of promissory notes (generally quarterly)

Furthermore, at the request of the Risk Department, collateral assessment and/or reassessment reviews may be carried out without considering the above criteria. In addition, the general principles of collateral assessment and reassessment are mentioned in the collateral management policy of BNI.

The maximum exposure to credit risk before collateral for the banking segment is as follows:

	2022	2021
	MUR' 000	MUR' 000
Credit risk exposure to on-balance sheet assets:		
Cash and cash equivalents	9,755,292	7,376,395
Loans and advances to customers	24,281,657	19,868,113
Investment in securities	6,335,249	6,205,851
Trade and other receivables	513,224	522,821
Export documentary remittances	2,449,652	1,632,865
Total on balance sheet exposure	43,335,074	35,606,045
Credit risk exposure to off-balance sheet assets:		
Acceptances, guarantees, letter of credit and other obligations on account of customers	4,413,841	4,635,521
Total on and off-balance sheet exposure	47,748,915	40,241,566

BNI also reviews its concentration risk to ensure that it is not significantly exposed to a specific category of customers. The table below analyses BNI's exposure:

	2022		2021	
	MUR '000	Exposure	MUR '000	Exposure
Corporate	17,877,831	41%	17,731,660	50%
Central Bank	10,491,447	24%	3,021,796	8%
Financial institution	5,599,094	13%	9,520,009	27%
Retail	9,366,702	22%	5,332,580	15%
	43,335,074		35,606,045	

Credit risk measurement

Loans and advances (including loan commitments and guarantees)

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposures vary with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties.

In measuring credit risk of loan and advances at a counterparty level, BNI considers three components: (i) the 'probability of default' (PD) by the client or counterparty on its contractual obligations; (ii) current exposures to the counterparty and its likely future development, from which the Group derives the 'exposure at default' (EAD); and (iii) the likely recovery ratio on the defaulted obligations (the 'loss given default') (LGD). The models are reviewed regularly to monitor their robustness relative to actual performance and amended as necessary to optimise their effectiveness. These credit risk measurements, which reflect expected loss (the 'expected loss model'), are required by the Basel Committee on Banking Regulations and the Supervisory Practices (the Basel Committee) and are embedded in the Group's daily operational management.

This is similar to the approach used for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9.

(i) Probability of default

The probability of default (PD) is the likelihood that a particular borrower will default. IFRS 9 requires a multi-period forward-looking measure of PD that depends on macroeconomic factors. In other words, the PD model must produce a term structure of point in time PDs. Using historical data, a survival model was developed to produce a through-the-cycle PD term structure, followed by an econometric regression of the PDs for calibration to a point in time term structure over 5 years.

(ii) Exposure at default

EAD is based on the amounts BNI expects to be owed at the time of default. For example, for a loan this is the face value. For a commitment, BNI includes any amount already drawn plus the further amount that may have been drawn by the time of default, should it occur. The EAD for term loans and leases is estimated by calculating the expected exposure for the next 12 months. Firstly, the expected closing balance is estimated (assuming the borrower will pay regularly up to the month under observation). Off Balance sheets items comprise of Bank Guarantee, Letter of Credit, Acceptance, Swap, Spot and Forward.

45. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(ii) Banking specific segment – BNI Madagascar SA ("BNI") (Cont'd)

Credit risk measurement (Cont'd)

(iii) Loss given default/loss severity

Loss given default or loss severity represents BNI's expectation of the extent of loss on a claim should default occur. It is expressed as percentage loss per unit of exposure. It typically varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support.

The measurement of exposure at default and loss given default is based on the risk parameters standard under Basel II. For measuring the exposure for credit risk on a portfolio basis (for example, mortgage loans).

For both LGD and PD, the Bank segmented its book based on its various segments (Retail, Corporate, SME, Institutional). Collateral was also factored in the model as it indicates a better probability of recovery.

Based on a historical measurement, the bank adopted a calculated LGD for the retail and SME segments. To appropriately reflect the economic value of the amounts recovered, especially with regards to the recovery time after the contract breach, the use of the present value notion has been integrated into the computation. A discounting factor has been applied to derive the present value of the recovered amount. Therefore, the LGD rate is calculated as follows:

LGD (%) = 1- (Present value of recovered amount/Outstanding)

Note:

Present value of recovered amount = (Adjusted outstanding – Write-off – Recovery fees + Write-off recuperation) * Discounting factor

Discounting factor = 1/(1+discount rate)^n

BNI used the Average Interest Rate as Discount rate, which represents portfolio yield rate by segment.

n: number of years between the date of contract breach and the date the file is closed.

For the Corporate and Institutional segments, data available is not relevant as the sample is reduced to less than 90 occurrences by year since 2017. For these segments, the Bank has adopted an LGD figure of 65%, which is more conservative than Basel III guidelines (45%).

45. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(ii) Banking specific segment – BNI Madagascar SA ("BNI") (Cont'd)

Credit risk measurement (Cont'd)

The table below represents an analysis of BNI's assets as at 30 June 2022 and 2021:

	AAA	BB/BB	CC	Unrated	Total
2022	**MUR '000**	**MUR '000**	**MUR '000**	**MUR '000**	**MUR '000**
Credit rating					
Loans and advances to customers	**625,921**	**13,125,464**	**2,942,559**	**7,587,713**	**24,281,657**
Investment in securities	**-**	**6,302,826**	**-**	**32,423**	**6,335,249**
Cash and cash equivalent	**-**	**4,707,188**	**-**	**5,048,104**	**9,755,292**
Trade and other receivables	**-**	**-**	**1,473**	**511,751**	**513,224**
Export documentary remittances	**-**	**-**	**-**	**2,449,652**	**2,449,652**
	625,921	**24,135,478**	**2,944,032**	**15,629,643**	**43,335,074**
Off balance sheet exposure	**1,521,074**	**2,553,669**	**42,681**	**296,417**	**4,413,841**
Total on and off-balance sheet	**2,146,995**	**26,689,147**	**2,986,713**	**15,926,060**	**47,748,915**
2021					
Credit rating					
Loans and advances to customers	87,059	11,206,527	2,701,593	5,872,934	19,868,113
Loans and advances to banks					0
Investment in securities	-	6,175,053	-	30,798	6,205,851
Cash and cash equivalent	-	3,228,539	-	4,147,856	7,376,395
Trade Receivables	-	-	1,459	521,362	522,821
Export documentary remittances	-	-	-	1,632,865	1,632,865
	87,059	20,610,119	2,703,052	12,205,815	35,606,045
Off balance sheet exposure	2,083,098	1,713,142	59,293	779,988	4,635,521
Total on and off-balance sheet	2,170,157	22,323,261	2,762,345	12,985,803	40,241,566

45. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(ii) Banking specific segment – BNI Madagascar SA ("BNI") (Cont'd)

Credit risk measurement (Cont'd)

BNI's internal rating scale and mapping of external ratings are set out below:

Internal RATE	PD	PD range	S &P'S	Grade description	IFRS9 Staging
A+	0.00%	0.00%	AAA	Investment Grade	Stage 1
A+	0.00%	0.00%	AA+&AA	Investment Grade	
A	0.01%	< 0,01%		Investment Grade	
B+	0.02%	0,02 - 0,04%	AA-	Investment Grade	
B+	0.02%	0,02 - 0,04%	A+	Investment Grade	
B	0.06%	0,04 - 0,08%	A	Investment Grade	
B	0.06%	0,04 - 0,08%	A-	Investment Grade	
C+	0.16%	0,08 - 0,16%	BBB+	Investment Grade	
C	0.30%	0,16 - 0,32%	BBB	Investment Grade	
C-	0.60%	0,32 - 0,64%	BBB-	Investment Grade	
D+	0.75%	0,64 - 0,85%	BB+	Non-Investment Grade	Stage 2
D	1.25%	0,85 - 1,28%	BB	Non-Investment Grade	
D-	1.90%	1,28 - 2,56%	BB-	Non-Investment Grade	
E+	5.00%	2,56 - 5,12%	B+&B	Non-Investment Grade	
E	12.00%	5,12 - 15%	B-	Non-Investment Grade (Watchlist)	Stage 2 or 3
E-	20.00%	> 15%	CCC&C	Non-Investment Grade (Watchlist)	
F	100.00%	100.00%	D	Default (without legal action)	Stage 3
Z	100.00%	100.00%	D	Default (with legal action)	

Expected credit loss measurement (ECL)

The IFRS 9 impairment model requires the recognition of impairment provisions based on expected credit losses (ECL). It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, lease receivables, loan commitments and certain financial guarantee contracts. The Bank's debt instruments that are currently classified as held-to-maturity and measured at amortised cost which meet the conditions for classification at amortised cost under IFRS 9.

45. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(ii) Banking specific segment – BNI Madagascar SA ("BNI") (Cont'd)

Expected credit loss measurement (ECL) (Cont'd)

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'stage 1' and has its credit risk continuously monitored by the Bank.
- If a significant increase in credit risk (SICR) since initial recognition is identifies, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit impaired. Refer to the next section for a description of how the Bank determines when a significant increase in credit risk has occurred.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'stage 3'. The definition of default and credit-impaired asset has been provided in the next section.
- Financial instruments in stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events within the next 12 months. Instruments in stages 2/3 have their ECL measured on expected credit losses on a lifetime basis. Refer to the next section for a description of inputs, assumptions and estimation techniques used in measuring ECL.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (stage 3). Currently the Bank does not have any purchased or originated credit-impaired financial assets on its books.

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared credit risk characteristics, such that risk exposures within a group are homogeneous. The Bank's groupings are mainly based on product type.

The following diagram summarises the impairment requirements under IFRS 9 (other than purchased or originated credit impaired financial assets):

CHANGE IN CREDIT QUALITY SINCE INITIAL RECOGNITION

STAGE 1	STAGE 2	STAGE 3
(Initial recognition)	(Significant increase in credit risk since initial recognition)	(Credit-impaired assets)
12-Month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

45. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(ii) Banking specific segment – BNI Madagascar SA ("BNI") (Cont'd)

Expected credit loss measurement (ECL) (Cont'd)

The key judgements and assumptions adopted by the bank in addressing the requirements of the standard are discussed below:

Significant increase in credit risk (SICR)

The bank considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following qualitative or backstop criteria have been met.

Qualitative criteria

For Retail portfolios, if the borrower meets one or more of the following criteria:

- Short-term forbearance
- Direct debit cancellation
- Extension to the terms granted
- Arrears within the last (12) months

For Corporate and Investment portfolios, if the borrower is on the Watchlist and/or the instrument meets one or more of the following criteria:

- Significant increase in credit spread
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates
- Actual or expected forbearance or restructuring
- Actual or expected significant adverse change in operating results of the borrower
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default
- Early sign of cashflow/liquidity problems such as delay in servicing of trade creditors/loans

The assessment of SICR is performed on a quarterly basis at a portfolio level for all retail financial instruments held by the Bank. In addition to Corporate and Investment Financial Instruments, where a watchlist is used to monitor credit risk, this assessment is performed at the counterparty level on a quarterly basis. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the independent Credit Risk team.

A backstop is applied and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.

Definition of default and credit-impaired assets

BNI defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria

The borrower is more than 90 days past due on its contractual payments.

The borrower is more than 90 days past due on its contractual payments.

The borrower meets unlikeliness to pay criteria which indicates the borrower is in significant financial difficulty. These are instances where:

- The borrower is in long-term forbearance
- The borrower is deceased
- The borrower is insolvent
- The borrower is in breach of financial covenant(s)
- An active market for that financial asset has disappeared because of financial difficulties

45. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(ii) Banking specific segment – BNI Madagascar SA ("BNI") (Cont'd)

Quantitative criteria (Cont'd)

- Concessions have been made by the lender relating to the borrower's financial difficulty
- It is becoming probable that the borrower will enter bankruptcy
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses

The criteria above have been applied to all financial instruments held by the bank and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) throughout the bank's expected loss calculations.

In case of restructuring and debt consolidation, the asset is considered to be no longer in default (i.e., to have cured) when: (a) down payment of 10% of outstanding debts is made before the consolidation takes place or (b) there is no default after a cooling period of six months.

Measuring ECL- Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are discounted product of the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per 'Definition of default and credit-impaired' above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Bank expects to be owed at the time of default, over the next 12 months (12M PD), or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the Bank includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.
- Loss Given Default (LGD) represents the Bank expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support.
- LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is an estimate of loss from a transaction, given that a default occurs. It is computed as the loss amount which equals the write-offs, recovery costs, finance fees as a proportion of the exposure at the time of default.

The ECL is determined by projecting the PD, LGD and EAD for each future year and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future year, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type:

- For amortizing products and bullet repayment loans, this is based on the contractual repayments owned by the borrower over a 12M or lifetime basis. This will be adjusted for any expected overpayments made by a borrower. Early repayment/ refinance assumptions are also incorporated into the calculation.

45. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(ii) Banking specific segment – BNI Madagascar SA ("BNI") (Cont'd)

Measuring ECL– Explanation of inputs, assumptions and estimation techniques (Cont'd)

- For revolving products, the exposure at default is predicted by taking current drawn balance and adding a 'credit conversion factor' (CCF) which allows for the expected drawdown of the remaining limit by adding the time of default. These assumptions vary by product type and current limit utilisation band, based on analysis of the Bank's recent default data.

LGD are determined based on the factors which impact the recoveries made post default, per customer type and by secured/unsecured status.

The lifetime PD is computed using the survival analysis method. Using historical data, a survival model was developed to produce a through-the-cycle PD term structure for each portfolio, followed by an econometric regression of the PDs for calibration to a point in time term structure. The lifetime PD is an aggregate of the years in the term structure. The 12-month PD is computed from the term structure as a geometric average of the yearly PDs.

The assumptions under the ECL calculation- such as how the maturity profile of the PDs and how collateral value change are monitored and reviewed on a quarterly basis. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

Forward-looking information incorporated in the ECL models

The calculation of ECL incorporates forward-looking information in the PD model. The PD model projects default rates using economic forecasts and uses a mean reversion approach i.e., the model assumes that projected default rates tend toward the long run average default rate. Together, these allow for the calibration of historical through-the-cycle PDs to forward-looking point-in-time PDs.

The Bank has performed an econometric regression on quarterly historical data to identify the key economic determinants of credit risk in Madagascar. The regression revealed 3 major economic determinants of default rates namely: inflation, private sector credit and exports. BNI used the results of the regression together with economic forecasts of these determinants to arrive at projected default rates.

Economic forecasts are provided by the bank's risk team on a yearly basis and provide the best estimate view of the economy over the next 5 years. Base case forecasts were sourced from trusted third parties (IMF, World Bank). Expert judgement was applied to arrive at pessimistic case forecasts, reflecting the impact of COVID-19. No optimistic case forecasts were derived in the current economic context. Expert judgement also revealed that these forecasts impact every portfolio the same way and so the same forecasts were used for each.

Base case and pessimistic case point-in-time PDs were produced, and these were averaged to arrive at the final point-in-time PD term structure. Same logic was applied across portfolios and staging.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. BNI considers these forecasts to represent its best estimate of the possible outcomes.

Economic variables assumptions

The most significant period-end economic assumptions used in the ECL estimate as of 30 June 2022 are set out below. The scenarios "base case" and "pessimistic case" were used for all portfolios and the rates were the same across all of them. The weightings of each scenario were fixed at 50%. In other words, base case and pessimistic case point-in-time PDs were averaged to arrive at a final term structure. No optimistic case was considered.

45. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(ii) Banking specific segment – BNI Madagascar SA ("BNI") (Cont'd)

Economic variables assumptions (Cont'd)

Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any regulatory, legislative or political changes, have also been considered, but are not deemed to have a material impact and therefore no adjustment has been made to the ECL for such factors. This is reviewed and monitored for appropriateness on a yearly basis.

Economic forecasts are provided in the table below. For ease of presenting, yearly forecasts are provided (whereas the model uses quarterly forecasts).

		2022	2023	2024	2025	2026
Inflation Rate	Base Case	7.40%	7.90%	6.60%	6.20%	5.90%
	Pessimistic Case	6.20%	6.50%	5.50%	5.20%	4.90%
Change in Exports	Base Case	23.30%	13.60%	8.70%	9.10%	13.70%
	Pessimistic Case	17.50%	10.20%	6.50%	6.80%	10.20%
Change in Credit	Base Case	13.00%	11.80%	11.50%	10.30%	9.30%
	Pessimistic Case	7.80%	4.90%	6.00%	5.10%	4.40%

Sensitivity analysis

The most significant economic assumptions affecting ECL allowance are as follows:

1. Inflation. Given inflation's positive correlation with company pricing power as well as the fact that Madagascar government policy tries to increase wages with inflation. Inflation is also a signal of the economic cycle.
2. Change in exports. Exporting goods bring income into the economy contributing positively to GDP, which in turn contributes to a reduction in default rates.
3. Change in private sector credit. Rising private sector credit implies greater funding capacity for growth which contributes to lower default rates. It could also mean loans are being extended / repurchased for later periods.

45. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(ii) Banking specific segment – BNI Madagascar SA ("BNI") (Cont'd)

Sensitivity analysis (Cont'd)

Set out below is a sensitivity analysis on these 3 variables, where each was increased relatively by 10%.

Economic Forecast	Change in ECL (MUR'000)
Inflation Rate	(17,853)
Change in Exports	(1,939)
Change in Credit	(10,771)

A sensitivity analysis was done to compare the impact on the ECL assuming each of the forward-looking base case and pessimistic scenarios were weighted 100% instead of applying scenario probability weights across the three scenarios.

Economic Scenario	ECL (MUR'000)
Base Case	(51,523)
Pessimistic Case	53,766

Maximum exposure to credit risk- Financial instruments subject to impairment

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets overleaf also represents the Bank's maximum exposure to credit risk on these assets:

45. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(ii) Banking specific segment – BNI Madagascar SA ("BNI") (Cont'd)

Loans and advances to customers at amortised cost

	30 June 2022			
	Stage 1	Stage 2	Stage 3	Total
	MUR '000	MUR '000	MUR '000	MUR '000
Performing	20,708,310	-	-	20,708,310
Special Mention	-	1,745,740		1,745,740
Sub-Standard	-	-	3,671,731	3,671,731
Gross carrying amount	20,708,310	1,745,740	3,671,731	26,125,781
Loss Allowance	(264,700)	(68,302)	(1,511,122)	(1,844,124)
Carrying amount	20,443,610	1,677,438	2,160,609	24,281,657

	30 June 2021			
	Stage 1	Stage 2	Stage 3	Total
	MUR '000	MUR '000	MUR '000	MUR '000
Performing	16,408,872	-	-	16,408,872
Special Mention	-	1,932,844	-	1,932,844
Sub-Standard	-	-	2,924,133	2,924,133
Gross carrying amount	16,408,872	1,932,844	2,924,133	21,265,849
Loss Allowance	(141,754)	(42,807)	(1,213,175)	(1,397,736)
Carrying amount	16,267,118	1,890,037	1,710,958	19,868,113

45. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(ii) Banking specific segment – BNI Madagascar SA ("BNI") (Cont'd)

Investment in securities at amortised cost

	30 June 2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	MUR '000	MUR '000	MUR '000	MUR '000
Performing	6,336,485	-	-	6,336,485
Special Mention	-	-	-	-
Sub-Standard	-	-	-	-
Gross carrying amount	6,336,485	-	-	6,336,485
Loss allowance	(1,236)	-	-	(1,236)
Carrying amount	6,335,249	-	-	6,335,249

	30 June 2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	MUR '000	MUR '000	MUR '000	MUR '000
Performing	6,208,272	-	-	6,208,272
Special Mention	-	-	-	-
Sub-Standard	-	-	-	-
Gross carrying amount	6,208,272	-	-	6,208,272
Loss allowance	(2,421)	-	-	(2,421)
Carrying amount	6,205,851	-	-	6,205,851

45. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(ii) Banking specific segment – BNI Madagascar SA ("BNI") (Cont'd)

Cash and cash equivalents at amortised cost

	30 June 2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	MUR '000	MUR '000	MUR '000	MUR '000
Performing	9,712,032	-	-	9,712,032
Special Mention	-	44,881	-	44,881
Sub-Standard	-	-	-	-
Gross carrying amount	9,712,032	44,881	-	9,756,913
Loss allowance	(1,579)	(41)	-	(1,620)
Carrying amount	9,710,453	44,840	-	9,755,293

	30 June 2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	MUR '000	MUR '000	MUR '000	MUR '000
Performing	7,378,830	-	-	7,378,830
Special Mention	-	-	-	-
Sub-Standard	-	-	-	-
Gross carrying amount	7,378,830	-	-	7,378,830
Loss allowance	(1,288)	-	-	(1,288)
Carrying amount	7,377,542	-	-	7,377,542

45. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(ii) Banking specific segment – BNI Madagascar SA ("BNI") (Cont'd)

Trade and other receivables at amortised cost

	30 June 2022			
	Stage 1	Stage 2	Stage 3	Total
	MUR '000	MUR '000	MUR '000	MUR '000
Performing	511,751	-	-	511,751
Special Mention	-	-	-	-
Sub-Standard	-	-	2,430	2,430
Gross carrying amount	511,751	-	2,430	514,181
Loss Allowance	-	-	(957)	(957)
Carrying amount	511,751	-	1,473	513,224

	30 June 2021			
	Stage 1	Stage 2	Stage 3	Total
	MUR '000	MUR '000	MUR '000	MUR '000
Performing	521,362	-	-	521,362
Special Mention	-	-	-	-
Sub-Standard	-	-	2,408	2,408
Gross carrying amount	521,362	-	2,408	523,770
Loss Allowance	-	-	(949)	(949)
Carrying amount	521,362	-	1,459	522,821

45. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(ii) Banking specific segment – BNI Madagascar SA ("BNI") (Cont'd)

Off-Balance Sheet items

	30 June 2022			
Financial guarantees	Stage 1	Stage 2	Stage 3	Total
	MUR '000	MUR '000	MUR '000	MUR '000
Performing	4,328,320	-	-	4,328,320
Special Mention	-	107,803	-	107,803
Sub-Standard	-	-	9,280	9,280
Gross carrying amount	4,328,320	107,803	9,280	4,445,403
Loss allowance	(23,571)	(4,184)	(3,807)	(31,562)
Carrying amount	4,304,749	103,619	5,473	4,413,841

	30 June 2021			
Financial guarantees	Stage 1	Stage 2	Stage 3	Total
	MUR '000	MUR '000	MUR '000	MUR '000
Performing	4,605,884	-	-	4,605,884
Special Mention	-	36,412	-	36,412
Sub-Standard	-	-	10,703	10,703
Gross carrying amount	4,605,884	36,412	10,703	4,652,999
Loss allowance	(12,389)	(728)	(4,361)	(17,478)
Carrying amount	4,593,495	35,684	6,342	4,635,521

45. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(ii) Banking specific segment – BNI Madagascar SA ("BNI") (Cont'd)

Credit impaired assets

	30 June 2022			
	Gross Exposure	Impairment Allowance	Carrying Amount	Fair value of collateral held
	MUR '000	MUR '000	MUR '000	MUR '000
Loans and advances to customers:				
Individual	735,084	(328,406)	406,678	72,730
Professional - SME	891,082	(383,380)	507,702	989,075
Mid-Cap	1,003,581	(395,350)	608,231	3,712,000
Institutional	15,629	(6,157)	9,472	15,592
Corporate	953,292	(375,539)	577,753	2,312,082
Civil Servant	73,063	(22,290)	50,773	3,304
Total	3,671,731	(1,511,122)	2,160,609	7,104,783
Financial guarantees	9,280	(3,807)	5,473	102,128
Total credit-impaired assets	3,681,011	(1,514,929)	2,166,082	7,206,911

	30 June 2021			
	Gross Exposure	Impairment Allowance	Carrying Amount	Fair value of collateral held
	MUR '000	MUR '000	MUR '000	MUR '000
Loans and advances to customers:				
Individual	650,362	(295,146)	355,216	27,236
Professional - SME	587,594	(255,118)	332,476	566,464
Mid-Cap	893,858	(352,812)	541,046	3,288,292
Institutional	7,322	(2,890)	4,432	3,379
Corporate	742,004	(292,842)	449,162	1,469,927
Civil Servant	42,993	(14,367)	28,626	-
Total	2,924,133	(1,213,175)	1,710,958	5,355,298
Financial guarantees	10,703	(4,361)	6,342	269,093
Total credit-impaired assets	2,934,836	(1,217,536)	1,717,300	5,624,391

45. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(ii) Banking specific segment – BNI Madagascar SA ("BNI") (Cont'd)

The following tables explain the changes in the loss allowance during the year due to these factors.

Loans and advances to customers – Individual

Loss allowance	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	MUR '000	MUR '000	MUR '000	MUR '000
Loss allowance as at 1 July 2020	98,544	6,354	200,984	305,882
New financial assets originated/ purchased/(derecognised)	44,052	6,102	102,778	152,932
Transfer to Civil Servant Segment	(10,344)	(666)	(21,095)	(32,105)
Changes to PDs/LGDs/EADs	(62,136)	(4,051)	859	(65,328)
Transfers:				
Transfer from Stage 1 to Stage 2	(1,235)	1,623	-	388
Transfer from Stage 1 to Stage 3	(656)	-	13,204	12,548
Transfer from Stage 2 to Stage 1	205	(807)	-	(602)
Transfer from Stage 2 to Stage 3	-	(556)	3,519	2,963
Transfer from Stage 3 to Stage 1	60	-	(1,827)	(1,767)
Transfer from Stage 3 to Stage 2	-	454	(4,152)	(3,698)
Foreign exchange movement	208	26	876	1,110
Loss allowance as at 30 June 2021	68,698	8,479	295,146	372,323
New financial assets originated/purchased/(derecognised)	**81,044**	**4,772**	**85,076**	**170,892**
Transfer to Civil Servant Segment	**-**	**-**	**-**	**-**
Changes to PDs/LGDs/EADs	**(23,028)**	**(3,879)**	**(81,279)**	**(108,186)**
Transfers:				
Transfer from Stage 1 to Stage 2	**(740)**	**4,505**	**-**	**3,765**
Transfer from Stage 1 to Stage 3	**(753)**	**-**	**24,176**	**23,423**
Transfer from Stage 2 to Stage 1	**1,605**	**(3,212)**	**-**	**(1,607)**
Transfer from Stage 2 to Stage 3	**-**	**(397)**	**4,379**	**3,982**
Transfer from Stage 3 to Stage 1	**63**	**-**	**(591)**	**(528)**
Transfer from Stage 3 to Stage 2	**-**	**55**	**(471)**	**(416)**
Foreign exchange movement	**2,304**	**15**	**1,970**	**4,289**
Loss allowance as at 30 June 2022	**129,193**	**10,338**	**328,406**	**467,937**

45. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(ii) Banking specific segment – BNI Madagascar SA ("BNI") (Cont'd)

Loans and advances to customers – Civil Servant

Loss allowance	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	MUR '000	MUR '000	MUR '000	MUR '000
Loss allowance as at 1 July 2020	-	-	-	-
Transfer from Individual segment	10,344	666	21,095	32,105
New financial assets originated/ purchased/(derecognised)	40,391	1,347	10,834	52,572
Changes to PDs/LGDs/EADs	(36,908)	1,052	(17,619)	(53,475)
Transfers:				
Transfer from Stage 1 to Stage 2	(584)	235	-	(349)
Transfer from Stage 1 to Stage 3	(96)	-	1,286	1,190
Transfer from Stage 2 to Stage 1	5	(586)	-	(581)
Transfer from Stage 2 to Stage 3	-	(86)	573	487
Transfer from Stage 3 to Stage 1	6	-	(1,407)	(1,401)
Transfer from Stage 3 to Stage 2	-	28	(439)	(411)
Foreign exchange movement	40	8	44	92
Loss allowance as at 30 June 2021	13,198	2,664	14,367	30,229
New financial assets originated/ purchased/(derecognised)	**15,972**	**2,476**	**11,633**	**30,081**
Changes to PDs/LGDs/EADs	**(4,444)**	**(1,216)**	**(8,028)**	**(13,688)**
Transfers:				
Transfer from Stage 1 to Stage 2	**(85)**	**337**	**-**	**252**
Transfer from Stage 1 to Stage 3	**(35)**	**-**	**3,289**	**3,254**
Transfer from Stage 2 to Stage 1	**502**	**(1,277)**	**-**	**(775)**
Transfer from Stage 2 to Stage 3	**-**	**(64)**	**1,361**	**1,297**
Transfer from Stage 3 to Stage 1	**12**	**-**	**(318)**	**(306)**
Transfer from Stage 3 to Stage 2	**-**	**3**	**(81)**	**(78)**
Foreign exchange movement	**74**	**3**	**67**	**144**
Loss allowance as at 30 June 2022	**25,194**	**2,926**	**22,290**	**50,410**

45. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(ii) Banking specific segment – BNI Madagascar SA ("BNI") (Cont'd)

Loans and advances to customers – Professional SME

Loss allowance	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	MUR '000	MUR '000	MUR '000	MUR '000
Loss allowance as at 01 July 2020	2,908	4,499	246,655	254,062
New financial assets originated/ purchased/(derecognised)	1,956	1,212	19,523	22,691
Changes to PDs/LGDs/EADs	(2,187)	(4,410)	(13,649)	(20,246)
Transfers:				
Transfer from Stage 1 to Stage 2	(100)	125	-	25
Transfer from Stage 1 to Stage 3	(109)	-	2,291	2,182
Transfer from Stage 2 to Stage 1	2	(20)	-	(18)
Transfer from Stage 2 to Stage 3	-	(290)	3,129	2,839
Transfer from Stage 3 to Stage 1	3	-	(485)	(482)
Transfer from Stage 3 to Stage 2	-	300	(3,119)	(2,819)
Foreign exchange movement	8	4	773	785
Loss allowance as at 30 June 2021	2,481	1,420	255,118	259,019
New financial assets originated/ purchased/(derecognised)	**4,349**	**903**	**97,747**	**102,999**
Changes to PDs/LGDs/EADs	**(188)**	**(790)**	**(15,111)**	**(16,089)**
Transfers:				
Transfer from Stage 1 to Stage 2	**(375)**	**606**	**-**	**231**
Transfer from Stage 1 to Stage 3	**(1,021)**	**-**	**34,937**	**33,916**
Transfer from Stage 2 to Stage 1	**41**	**(270)**	**-**	**(229)**
Transfer from Stage 2 to Stage 3	**-**	**(277)**	**11,630**	**11,353**
Transfer from Stage 3 to Stage 1	**7**	**-**	**(994)**	**(987)**
Transfer from Stage 3 to Stage 2	**-**	**16**	**(1,997)**	**(1,981)**
Foreign exchange movement	**59**	**23**	**2,050**	**2,132**
Loss allowance as at 30 June 2022	**5,353**	**1,631**	**383,380**	**390,364**

45. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(ii) Banking specific segment – BNI Madagascar SA ("BNI") (Cont'd)

Loans and advances to customers – Midcap

Loss allowance	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	MUR '000	MUR '000	MUR '000	MUR '000
Loss allowance as at 01 July 2020	49,875	26,030	270,171	346,076
New financial assets originated/ purchased/(derecognised)	26,744	18,054	83,394	128,192
Changes to PDs/LGDs/EADs	(37,996)	(22,897)	(15,865)	(76,758)
Transfers:				
Transfer from Stage 1 to Stage 2	(669)	2,834	-	2,165
Transfer from Stage 1 to Stage 3	(158)	-	14,103	13,945
Transfer from Stage 2 to Stage 1	546	(1,567)	-	(1,021)
Transfer from Stage 2 to Stage 3	-	(922)	4,019	3,097
Transfer from Stage 3 to Stage 1	-	-	-	-
Transfer from Stage 3 to Stage 2	-	339	(4,079)	(3,740)
Foreign exchange movement	117	66	1,069	1,252
Loss allowance as at 30 June 2021	38,459	21,937	352,812	413,208
New financial assets originated/ purchased/(derecognised)	**28,761**	**24,835**	**101,504**	**155,100**
Changes to PDs/LGDs/EADs	**(25,247)**	**(16,183)**	**(75,829)**	**(117,259)**
Transfers:				
Transfer from Stage 1 to Stage 2	**(799)**	**2,598**	**-**	**1,799**
Transfer from Stage 1 to Stage 3	**(498)**	**-**	**26,185**	**25,687**
Transfer from Stage 2 to Stage 1	**44**	**(160)**	**-**	**(116)**
Transfer from Stage 2 to Stage 3	**-**	**(1,088)**	**19,103**	**18,015**
Transfer from Stage 3 to Stage 1	**30**	**-**	**(5,799)**	**(5,769)**
Transfer from Stage 3 to Stage 2	**-**	**1,886**	**(24,838)**	**(22,952)**
Foreign exchange movement	**157**	**288**	**2,212**	**2,657**
Loss allowance as at 30 June 2022	**40,907**	**34,113**	**395,350**	**470,370**

45. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(ii) Banking specific segment – BNI Madagascar SA ("BNI") (Cont'd)

Loans and advances to customers – Institutional

Loss allowance	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	MUR '000	MUR '000	MUR '000	MUR '000
Loss allowance as at 01 July 2020	6	1	3,333	3,340
New financial assets originated/purchased/(derecognised)	38	-	257	295
Changes to PDs/LGDs/EADs	1	(1)	(95)	(95)
Transfers:				
Transfer from Stage 1 to Stage 2	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	33	33
Transfer from Stage 2 to Stage 1	-	-	-	0
Transfer from Stage 2 to Stage 3	-	-	87	87
Transfer from Stage 3 to Stage 1	1	-	(727)	(726)
Transfer from Stage 3 to Stage 2	-	-	(7)	(7)
Foreign exchange movement	-	-	9	9
Loss allowance as at 30 June 2021	46	-	2,890	2,936
New financial assets originated/ purchased/(derecognised)	**5**	**6**	**3,792**	**3,803**
Changes to PDs/LGDs/EADs	**(32)**	**(4)**	**(57)**	**(93)**
Transfers:				
Transfer from Stage 1 to Stage 2	**(2)**	**10**	**-**	**8**
Transfer from Stage 1 to Stage 3	**-**	**-**	**11**	**11**
Transfer from Stage 2 to Stage 1	**-**	**-**	**-**	**-**
Transfer from Stage 2 to Stage 3	**-**	**-**	**-**	**-**
Transfer from Stage 3 to Stage 1	**-**	**-**	**(103)**	**(103)**
Transfer from Stage 3 to Stage 2	**-**	**1**	**(395)**	**(394)**
Foreign exchange movement	**1**	**4**	**19**	**24**
Loss allowance as at 30 June 2022	**18**	**17**	**6,157**	**6,192**

45. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(ii) Banking specific segment – BNI Madagascar SA ("BNI") (Cont'd)

Loans and advances to customers – Corporate

Loss allowance	Stage 1 12-month ECL MUR '000	Stage 2 Lifetime ECL MUR '000	Stage 3 Lifetime ECL MUR '000	Total MUR '000
Loss allowance as at 01 July 2020	16,883	3,714	194,876	215,473
New financial assets originated/purchased/(derecognised)	10,328	7,959	80,609	98,896
Changes to PDs/LGDs/EADs	(8,519)	(1,916)	5,171	(5,264)
Transfers:				
Transfer from Stage 1 to Stage 2	(6)	89	-	83
Transfer from Stage 1 to Stage 3	-	-	540	540
Transfer from Stage 2 to Stage 1	129	(218)	-	(89)
Transfer from Stage 2 to Stage 3	-	(1,346)	10,770	9,424
Transfer from Stage 3 to Stage 1	-	-	(9)	(9)
Transfer from Stage 3 to Stage 2	-	-	(2)	(2)
Foreign exchange movement	57	25	887	969
Loss allowance as at 30 June 2021	18,872	8,307	292,842	320,021
New financial assets originated/purchased/(derecognised)	37,064	11,013	128,298	176,375
Changes to PDs/LGDs/EADs	7,374	(5,928)	(75,679)	(74,233)
Transfers:				
Transfer from Stage 1 to Stage 2	(335)	7,212	-	6,877
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	981	(1,051)	-	(70)
Transfer from Stage 2 to Stage 3	-	(285)	28,601	28,316
Transfer from Stage 3 to Stage 1	-	-	(467)	(467)
Transfer from Stage 3 to Stage 2	-	2	(32)	(30)
Foreign exchange movement	78	8	1,976	2,062
Loss allowance as at 30 June 2022	64,034	19,278	375,539	458,851

(b) Credit risk (Cont'd)

(ii) Banking specific segment – BNI Madagascar SA ("BNI") (Cont'd)

Gross loans and advances to customers – Individual

	Stage 1 MUR'000	Stage 2 MUR'000	Stage 3 MUR'000	Total MUR'000
Opening balance 1 July 2020	2,416,215	98,814	328,007	2,843,036
Transfer to Civil servant	(1,218,048)	(63,882)	(52,618)	(1,334,548)
New financial assets originated/purchased/(derecognised)	734,489	69,913	345,670	1,150,072
Transfer from Stage 1 to Stage 2	(21,747)	21,747	-	-
Transfer from Stage 1 to Stage 3	(28,266)	-	28,266	-
Transfer from Stage 2 to Stage 1	6,271	(6,271)	-	-
Transfer from Stage 2 to Stage 3	-	(7,542)	7,542	-
Transfer from Stage 3 to Stage 1	1,889	-	(1,889)	-
Transfer from Stage 3 to Stage 2	-	5,548	(5,548)	-
Foreign exchange movement	6,866	281	932	8,079
Gross carrying amount as at 30 June 2021	1,897,669	118,608	650,362	2,666,639
New financial assets originated/purchased/(derecognised)	358,564	(44,136)	18,401	332,829
Transfer from Stage 1 to Stage 2	(33,102)	33,102	-	-
Transfer from Stage 1 to Stage 3	(56,013)	-	56,013	-
Transfer from Stage 2 to Stage 1	27,700	(27,700)	-	-
Transfer from Stage 2 to Stage 3	-	(9,528)	9,528	-
Transfer from Stage 3 to Stage 1	1,069	-	(1,069)	-
Transfer from Stage 3 to Stage 2	-	413	(413)	-
Foreign exchange movement	14,015	2,318	2,262	18,595
Gross carrying amount as at 30 June 2022	2,209,902	73,077	735,084	3,018,063

45. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(ii) Banking specific segment – BNI Madagascar SA ("BNI") (Cont'd)

Gross loans and advances to customers – Civil servant

	Stage 1 MUR'000	Stage 2 MUR'000	Stage 3 MUR'000	Total MUR'000
Opening balance 1 July 2020	-	-	-	-
New financial assets originated/purchased/(derecognised)	687,824	(10,579)	(3,395)	673,850
Transfer from Individual	1,259,901	50,400	24,247	1,334,548
Transfer from Stage 1 to Stage 2	(12,154)	12,154	-	-
Transfer from Stage 1 to Stage 3	(3,855)	-	3,855	-
Transfer from Stage 2 to Stage 1	692	(692)	-	-
Transfer from Stage 2 to Stage 3	-	(1,718)	1,718	-
Transfer from Stage 3 to Stage 1	950	-	(950)	-
Transfer from Stage 3 to Stage 2	-	1,228	(1,228)	-
Foreign exchange movement	5,842	233	18,746	24,821
Gross carrying amount as at 30 June 2021	1,939,200	51,026	42,993	2,033,219
New financial assets originated/purchased/(derecognised)	**686,761**	**88,635**	**16,034**	**791,430**
Transfer from Individual				
Transfer from Stage 1 to Stage 2	**(12,697)**	**12,697**	**-**	**-**
Transfer from Stage 1 to Stage 3	**(10,752)**	**-**	**10,752**	**-**
Transfer from Stage 2 to Stage 1	**53,533**	**(53,533)**	**-**	**-**
Transfer from Stage 2 to Stage 3	**-**	**(4,455)**	**4,455**	**-**
Transfer from Stage 3 to Stage 1	**1,313**	**-**	**(1,313)**	**-**
Transfer from Stage 3 to Stage 2	**-**	**146**	**(146)**	**-**
Foreign exchange movement	**11,579**	**179**	**288**	**12,046**
Gross carrying amount as at 30 June 2022	**2,668,937**	**94,695**	**73,063**	**2,836,695**

45. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(ii) Banking specific segment – BNI Madagascar SA ("BNI") (Cont'd)

Gross loans and advances to customers – SME

	Stage 1 MUR'000	Stage 2 MUR'000	Stage 3 MUR'000	Total MUR'000
Opening balance 1 July 2020	18,865	220,669	317,517	557,051
New financial assets originated/purchased/(derecognised)	26,073	22,724	248,643	297,440
Transfer from Stage 1 to Stage 2	(12,054)	12,054	-	-
Transfer from Stage 1 to Stage 3	(14,817)	-	14,817	-
Transfer from Stage 2 to Stage 1	311	(311)	-	-
Transfer from Stage 2 to Stage 3	-	(7,374)	7,374	-
Transfer from Stage 3 to Stage 1	486	-	(486)	-
Transfer from Stage 3 to Stage 2	-	1,751	(1,751)	-
Foreign exchange movement	87	1,029	1,481	2,597
Gross carrying amount as at 30 June 2021	18,952	250,543	587,594	857,089
New financial assets originated/purchased/(derecognised)	**952,517**	**(143,163)**	**186,919**	**996,273**
Transfer from Stage 1 to Stage 2	**(36,333)**	**36,333**	**-**	**-**
Transfer from Stage 1 to Stage 3	**(85,512)**	**-**	**85,512**	**-**
Transfer from Stage 2 to Stage 1	**7,246**	**(7,246)**	**-**	**-**
Transfer from Stage 2 to Stage 3	**-**	**(28,064)**	**28,064**	**-**
Transfer from Stage 3 to Stage 1	**1,187**	**-**	**(1,187)**	**-**
Transfer from Stage 3 to Stage 2	**-**	**1,174**	**(1,174)**	**-**
Foreign exchange movement	**2,868**	**548**	**5,354**	**8,770**
Gross carrying amount as at 30 June 2022	**860,925**	**110,125**	**891,082**	**1,862,132**

45. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(ii) Banking specific segment – BNI Madagascar SA ("BNI") (Cont'd)

Gross loans and advances to customers – Midcap

	Stage 1 MUR'000	Stage 2 MUR'000	Stage 3 MUR'000	Total MUR'000
Opening balance 1 July 2020	2,724,029	227,121	415,388	3,366,538
New financial assets originated/purchased/(derecognised)	177,078	160,186	437,947	775,211
Transfer from Stage 1 to Stage 2	(77,526)	77,526	-	-
Transfer from Stage 1 to Stage 3	(35,800)	-	35,800	-
Transfer from Stage 2 to Stage 1	33,696	(33,696)	-	-
Transfer from Stage 2 to Stage 3	-	(10,201)	10,201	-
Transfer from Stage 3 to Stage 1	13	-	(13)	-
Transfer from Stage 3 to Stage 2	-	7,018	(7,018)	-
Foreign exchange movement	10,184	850	1,553	12,587
Gross carrying amount as at 30 June 2021	2,831,674	428,804	893,858	4,154,336
New financial assets originated/purchased/(derecognised)	**29,942**	**217,045**	**34,663**	**281,650**
Transfer from Stage 1 to Stage 2	**(61,890)**	**61,890**	**-**	**-**
Transfer from Stage 1 to Stage 3	**(66,470)**	**-**	**66,470**	**-**
Transfer from Stage 2 to Stage 1	**2,423**	**(2,423)**	**-**	**-**
Transfer from Stage 2 to Stage 3	**-**	**(48,492)**	**48,492**	**-**
Transfer from Stage 3 to Stage 1	**2,138**	**-**	**(2,138)**	**-**
Transfer from Stage 3 to Stage 2	**-**	**43,760**	**(43,760)**	**-**
Foreign exchange movement	**8,272**	**2,499**	**5,996**	**16,767**
Gross carrying amount as at 30 June 2022	**2,746,089**	**703,083**	**1,003,581**	**4,452,753**

45. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(ii) Banking specific segment – BNI Madagascar SA ("BNI") (Cont'd)

Gross loans and advances to customers – Institutional

	Stage 1 MUR'000	Stage 2 MUR'000	Stage 3 MUR'000	Total MUR'000
Opening balance 1 July 2020	538,877	1,490	5,128	545,495
New financial assets originated/purchased/(derecognised)	(449,592)	454	3,505	(445,633)
Transfer from Stage 1 to Stage 2	(2)	2	-	-
Transfer from Stage 1 to Stage 3	(84)	-	84	-
Transfer from Stage 2 to Stage 1	242	(242)	-	-
Transfer from Stage 2 to Stage 3	-	(221)	221	-
Transfer from Stage 3 to Stage 1	1,913	-	(1,913)	-
Transfer from Stage 3 to Stage 2	-	9	(9)	-
Foreign exchange movement	-	-	307	307
Gross carrying amount as at 30 June 2021	91,354	1,492	7,323	100,169
New financial assets originated/purchased/(derecognised)	**592,383**	**4,846**	**8,973**	**606,202**
Transfer from Stage 1 to Stage 2	**(9,943)**	**9,943**	**-**	**-**
Transfer from Stage 1 to Stage 3	**(29)**	**-**	**29**	**-**
Transfer from Stage 2 to Stage 1	**4**	**(4)**	**-**	**-**
Transfer from Stage 2 to Stage 3	**-**	**-**	**-**	**-**
Transfer from Stage 3 to Stage 1	**182**	**-**	**(182)**	**-**
Transfer from Stage 3 to Stage 2	**-**	**561**	**(561)**	**-**
Foreign exchange movement	**536**	**67**	**48**	**651**
Gross carrying amount as at 30 June 2022	**674,487**	**16,905**	**15,630**	**707,022**

45. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(ii) Banking specific segment – BNI Madagascar SA ("BNI") (Cont'd)

Gross loans and advances to customers – Corporate

	Stage 1 MUR'000	Stage 2 MUR'000	Stage 3 MUR'000	Total MUR'000
Opening balance 1 July 2020	9,571,463	550,032	299,868	10,421,363
New financial assets originated/purchased/(derecognised)	(25,296)	611,214	412,433	998,351
Transfer from Stage 1 to Stage 2	(11,348)	11,348	-	-
Transfer from Stage 1 to Stage 3	(1,373)	-	1,373	-
Transfer from Stage 2 to Stage 1	64,719	(64,719)	-	-
Transfer from Stage 2 to Stage 3	-	(27,339)	27,339	-
Transfer from Stage 3 to Stage 1	4	-	(4)	-
Transfer from Stage 3 to Stage 2	-	4	(4)	-
Foreign exchange movement	-	4	(4)	-
Gross carrying amount as at 30 June 2021	9,630,024	1,082,370	742,004	11,454,398
New financial assets originated/purchased/(derecognised)	**1,956,974**	**(349,574)**	**133,338**	**1,740,738**
Transfer from Stage 1 to Stage 2	**(269,316)**	**269,316**	**-**	**-**
Transfer from Stage 2 to Stage 1	**184,624**	**(184,624)**	**-**	**-**
Transfer from Stage 2 to Stage 3	**-**	**(72,601)**	**72,601**	**-**
Transfer from Stage 3 to Stage 1	**3**	**-**	**(3)**	**-**
Transfer from Stage 3 to Stage 2	**-**	**91**	**(91)**	**-**
Foreign exchange movement	**45,664**	**2,875**	**5,443**	**53,982**
Gross carrying amount as at 30 June 2022	**11,547,973**	**747,853**	**953,292**	**13,249,118**

45. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(ii) Banking specific segment – BNI Madagascar SA ("BNI") (Cont'd)

Concentrations of credit risk

The Bank monitors concentrations of credit risk by sector and by geographic location. An analysis of concentrations of credit risk from loans and advances, loan commitments, financial guarantees and investment securities is shown below:

	2022 MUR '000	2021 MUR '000
(i) Concentration by sector		
Government	6,346,206	9,333,433
Bank	10,516,501	4,573,839
Retail - Mortgages	336,930	2,542,866
Retail - Unsecured	6,000,703	1,775,970
Corporate – Real estate	4,505,320	1,735,372
Corporate – Transport	-	663,357
Corporate – Others	20,043,256	17,986,303
Total	47,748,916	38,611,140
(ii) Concentration by location		
Africa	45,728,274	37,511,128
Europe	1,927,276	894,914
North America	13	8
Asia	93,353	205,090
Total	47,748,916	38,611,140

(c) Liquidity risk

Banking specific segment

Liquidity risk is the risk that the Bank is unable to meet its obligations when they fall due as a result of customer deposits being withdrawn, cash requirements from contractual commitments, or other cash outflows, such as corporate payments (tax, dividends, etc). Such outflows would deplete available cash resources for client lending, trading activities and investments. The Group`s liquidity management process is carried out by the group treasury team.

In extreme circumstances, lack of liquidity could potentially lead to the inability to fulfil regulatory requirement of the Obligatory Reserve ('OR'). This OR consists of maintaining a minimum monthly average balance (based on daily closing balances) in BNI's settlement account at the Central Bank of Madagascar. This threshold is determined for each current month as 13% of the last month total of individual and corporate customers' deposits in both MGA and foreign currency.

The risk that the Bank will be unable to do so is inherent in all banking operations and can be affected by a range of commercial-specific events – like aggressive campaigns on deposits collection by the competition, or aggressive self-campaign of loan distribution – or market-wide events like cycles related to the agricultural sector (Vanilla, clover, etc.) or seasonality.

Liquidity risk management process

The Bank's liquidity management process is carried out within the bank by the Finance department and governed by the monthly ALCO (Assets & Liabilities Committee) and quarterly ALM (Assets & Liabilities Management) committees.

Moreover, there is an operational daily process with a close-of-day report, issued by the dealing room, summarising the various updated indicators and proposing the next day actions and an updated view on the landing end-of-month situation. There is a daily calculation of the internal "availability ratio" which is the remaining amount of bills available for repo against the deposit base (same base used for OR calculation). The objective is to keep up with an availability ratio above 15% (vs the 13% of OR).

45. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(ii) Banking specific segment – BNI Madagascar SA ("BNI") (Cont'd)

Points covered in the monthly meeting include but are not limited to the following:

- Review of market liquidity situation
- Evolution of the total balances above the total Obligatory Reserves
- Central Bank of Madagascar feedback and perspectives
- Central Bank of Madagascar feedback short-term and mid-term interventions (lending / borrowing) and issuances of treasury bills
- Review of treasury flows, commerce, loans and deposits projections and borrowings/placements decision Funding approach

The available sources of funding for the bank consist of:

- Cash and balance with central bank; (to be noted that the full balance is available as long as the monthly average balance exceeds the monthly level of Obligatory Reserves)
- Balances of nostro accounts;
- Interbank borrowings (overnight); the 4 primary banks, including BNI, are the main actors in the market
- Government bonds that are fully liquid and readily acceptable in repurchase agreements with central bank on an overnight basis;
- Central Bank of Madagascar liquidity injection at its discretion to adjust the market liquidity in case of market shortfall due to macro-economic seasonality;

The liquidity management objective is to fulfill the minimum required balance at the Central Bank of Madagascar account at any point in time to comply with the OR but also to avoid unproductive excess of balance. In case of projected shortage, The bank uses interbank borrowing with preferential rates (depending on banks' liquidity situation) and government treasury bills.

The utilisation of the funding sources is reported daily and reviewed in the ALCO.

The maturity gap report slots the inflows and outflows in different maturity buckets as defined by the Bank of Madagascar, according to the expected timing of cash flows.

45. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk (Cont'd)

(ii) Banking specific segment – BNI Madagascar SA ("BNI") (Cont'd)

The table below analyses the BNI's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date.

	< 3 months	3-6 months	6-12 months	1-3 years	> 3 years	No-fixed maturity	Total
2022	MUR '000	MUR '000	MUR '000	MUR '000	MUR '000	MUR '000	MUR '000
Assets							
Trade and other receivables	-	-	-	-	-	513,224	513,224
Loans and advances to customers	11,401,346	1,019,253	682,343	3,800,855	13,324,734	-	30,228,531
Other Financial Assets	-	-	-	-	-	15,175	15,175
Investment securities	-	-	2,260,371	4,817,488	-	-	7,077,859
Export documentary remittances	-	-	-	-	-	2,449,652	2,449,652
Cash and cash equivalents	9,795,573	-	-	-	-	-	9,795,573
	21,196,919	1,019,253	2,942,714	8,618,343	13,324,734	2,978,051	50,080,014
2022							
Liabilities							
Deposits from customers	30,176,399	948,938	698,607	260,345	16,388	1,100,243	33,200,920
Borrowings	3,528,600	-	-	-	759,577	-	4,288,177
Trade and other payables	-	-	-	-	-	2,294,885	2,294,885
Export documentary remittances	-	-	-	-	-	2,457,230	2,457,230
Lease liabilities	10,830	9,981	18,398	46,661	2,881	-	88,751
Provision for other liabilities and charges	44,414	-	-	-	-	20,729	65,143
	33,760,243	958,919	717,005	307,006	778,846	5,873,087	42,395,106
On balance sheet liquidity gap	(12,563,324)	60,334	2,220,719	8,314,987	12,547,228	(2,895,035)	7,684,909
Off balance sheet commitment	2,371,686	836,809	487,331	720,606	10,049	-	4,426,481
Net liquidity gap	(10,191,638)	897,143	2,708,050	9,035,593	12,557,277	(2,895,035)	12,111,390

45. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk (Cont'd)

(ii) Banking specific segment – BNI Madagascar SA ("BNI") (Cont'd)

2021	< 3 months MUR '000	3-6 months MUR '000	6-12 months MUR '000	1-3 years MUR '000	> 3 years MUR '000	No-fixed maturity MUR '000	Total MUR '000
Assets							
Trade and other receivables	522,821	-	-	-	-	-	522,821
Loans and advances to customers	8,829,707	2,593,391	1,638,802	5,341,617	1,869,414	-	20,272,931
Loans and advances to banks	-	-	-	-	-	-	-
Other Financial Assets	-	-	-	-	-	15,213	15,213
Investment securities	436,874	315,806	1,845,078	4,549,343	-	-	7,147,101
Export documentary remittances	1,632,865	-	-	-	-	-	1,632,865
Cash and cash equivalents	7,376,395	-	-	-	-	-	7,376,395
	18,798,662	2,909,197	3,483,880	9,890,960	1,869,414	15,213	36,967,326
2021							
Liabilities							
Deposits from customers	26,829,711	1,223,725	1,111,765	9,867	-	-	29,175,068
Borrowings	2,191,191	459,696	-	-	-	-	2,650,887
Trade and other payables	774,480	-	-	-	-	-	774,480
Export documentary remittances	1,633,936	-	-	-	-	-	1,633,936
Lease liabilities	6,619	12,103	15,975	52,308	4,647	-	91,652
Provision for other liabilities and charges	2,980	-	-	-	-	-	2,980
	31,438,917	1,695,524	1,127,740	62,175	4,647	-	34,329,003
On balance sheet liquidity gap	(12,640,255)	1,213,673	2,356,140	9,828,785	1,864,767	15,213	2,638,323
Off balance sheet commitment	3,250,802	-	1,158,175	244,022	-	-	4,652,999
Net liquidity gap	(9,389,453)	1,213,673	3,514,315	10,072,807	1,864,767	15,213	7,291,322

45. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk (Cont'd)

(ii) Banking specific segment – BNI Madagascar SA ("BNI") (Cont'd)

Non-banking specific segment

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group and the Company aim at maintaining flexibility in funding by keeping reliable credit lines available. The Directors monitor rolling forecasts of the Group's liquidity reserve on the basis of expected cash flow.

The table below analyses the non-derivative financial liabilities of the Group; excluding BNI, and the Company into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date.

THE GROUP	Less than 3 months MUR '000	Between 3 months and 1 year MUR '000	Greater than 1 year MUR '000	Total MUR '000
At 30 June 2022				
Borrowings	4,152,383	3,266,664	10,655,745	18,074,792
Trade and other payables	4,162,597	1,878,877	-	6,041,474
Provision and other liabilities	36,551	3,102	3,768	43,421
Lease liabilities	112,333	248,522	6,487,673	6,848,528
	8,463,864	5,397,165	17,147,186	31,008,215

THE GROUP	Less than 3 months MUR '000	Between 3 months and 1 year MUR '000	Greater than 1 year MUR '000	Total MUR '000
At 30 June 2021				
Borrowings	2,656,135	2,388,596	16,570,659	21,615,390
Trade and other payables	3,416,891	903,036	13,830	4,333,757
Provision and other liabilities	35,693	-	62,421	98,114
Lease liabilities	93,788	284,377	7,596,541	7,974,706
	6,202,507	3,576,009	24,243,451	34,021,967

45. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk (Cont'd)

(ii) Banking specific segment – BNI Madagascar SA ("BNI") (Cont'd)

Non-banking specific segment (Cont'd)

THE COMPANY	Less than 3 months	Between 3 months and 1 year	Greater than 1 year	Total
	MUR '000	MUR '000	MUR '000	MUR '000
At 30 June 2022				
Borrowings	35,627	479,767	3,517,985	4,033,379
Trade and other payables	34,267	-	-	34,267
	69,894	479,767	3,517,985	4,067,646

THE COMPANY	Less than 3 months	Between 3 months and 1 year	Greater than 1 year	Total
	MUR '000	MUR '000	MUR '000	MUR '000
At 30 June 2021				
Borrowings	254,196	108,642	3,850,955	4,213,793
Trade and other payables	43,067	-	-	43,067
	297,263	108,642	3,850,955	4,256,860

45. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Market Risk

The Bank is exposed to market risks, which is the risk that the fair value or future cash flows of a financial fluctuate because of changes in market prices. Market risks arise from open positions in interest rates, curry and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, foreign exchange rates and equity prices. The Bank separates exposure to market risk into either trading or non-trading portfolios.

The market risk arising from trading and non-trading activities are concentrated in the Bank's Treasury teams. Regular reports are submitted to the Management and the Board of Directors. The Board of Directors risk strategy, risk policies and prudential limits within which the operations are to be carried out.

The market risk arising from trading and non-trading activities are concentrated in the Bank's Treasury teams. Regular reports are submitted to the management and the Board of Directors. The Board approves the risk strategy, risk policies and prudential limits within which the operations are to be carried out. Compliance to the strategy, policies and prudential limits are monitored by the risk committee. Management monitors adherence to the limits daily, which facilitates the risk management.

Non-trading portfolios primarily arise from the interest rate management of the Bank's commercial banking assets and liabilities.

The cash surplus is placed either:

(i) Through a subscription of treasury bonds or on the local money market ('PMML') for local currency; or

(ii) On the international money market for foreign currencies with limits imposed on each category of equity/debt based on the level of risk inherent in the market. Once 90% of the limit is exceeded, the placement is flagged and appropriate measures are taken to allocate the cash surplus in an alternative way.

All foreign currencies are transacted on the foreign exchange interbank market while the purchases and sales are carried out in cash.

(i) Interest rate risk

Banking specific segment

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may induce losses in the event that unexpected movements arise.

The Board sets limits on the level of mismatch of interest rate repricing and value at risk that may be undertaken, which is monitored daily by Group Treasury.

Treasury Bonds

The Treasury Bonds are held until maturity. They are valued at cost and bear a fixed interest rate. Following local applicable rules in Madagascar, the bonds are not revalued at market price at maturity.

Interbank placements are also at a fixed interest rate.

Bonds in foreign currencies are placed for a period between 3 to 6 months, at a pre-agreed rate.

45. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Market Risk (Cont'd)

(i) Interest rate risk (Cont'd)

Banking specific segment (Cont'd)

Clients transactions

The bank's prime lending rate is indexed on the Prime Lending Rate ('PLR') of the Central Bank of Madagascar, which is then used to determine the different applicable rates for credit lending. The Central Bank's Prime Lending Rate increased from 8.3% to 9% in May 2017 and was subsequently increased to 9.5% on 9 November 2017. BNI's Prime Lending Rate has remained unchanged at 14.9% since 2009. On 2 August 2022, the Central Bank revised its PLR to 8.9%. The Bank is currently assessing the impact of the change and has not yet taken any stance on whether to make any adjustments to its PLR.

Most of the bank's credit is at a variable rate indexed to the PLR, hence more or less fixed (unchanged since 2009). There is no correlation between the rates on the government bonds and the prime lending rate applied by BNI.

Deposits are remunerated at a fixed rate.

The bank manages the net interest margin rather than the actual rates on lending and deposits. The deposit rates and lending rates are discussed and agreed during monthly ALCO meetings, depending on the liquidity situation of the bank.

45. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Market Risk (Cont'd)

(i) Interest rate risk (Cont'd)

Banking specific segment (Cont'd)

The table below summarises BNI's non-trading book fair value exposure to interest rate risks. It includes financial instruments at carrying value categorised by the earlier of contractual maturity and date of repricing. The interest sensitivity of assets and liabilities for the Bank is as follows:

2022	< 3 months MUR '000	3-6 months MUR '000	6-12 months MUR '000	1-3 years MUR '000	> 3 years MUR '000	Non-Interest Bearing MUR '000	Total MUR '000
Assets							
Cash and cash equivalents	4,362,546	-	-	-	-	5,392,747	9,755,293
Investment securities	-	-	2,142,954	4,192,295	-	-	6,335,249
Loans and advances to customers	11,384,274	1,006,442	606,933	3,063,519	8,220,489	-	24,281,657
Other Financial Assets	-	-	-	-	-	15,175	15,175
Trade and other receivables	-	-	-	-	-	513,224	513,224
Export documentary remittances	-	-	-	-	-	2,449,652	2,449,652
	15,746,820	1,006,442	2,749,887	7,255,814	8,220,489	8,370,798	43,350,250
Liabilities							
Deposits from customers	(30,143,269)	(926,720)	(649,497)	(258,265)	(15,016)	(1,100,243)	(33,093,010)
Borrowings	(3,524,101)	-	-	-	(468,659)	-	(3,992,760)
Lease liabilities	(10,830)	(9,981)	(23,388)	(43,011)	(1,541)	-	(88,751)
Trade and other payables	-	-	-	-	-	(2,294,885)	(2,294,885)
Export documentary remittances	-	-	-	-	-	(2,457,230)	(2,457,230)
Provision for other liabilities and charges	-	-	-	-	-	(65,143)	(65,143)
	(33,678,200)	(936,701)	(672,885)	(301,276)	(485,216)	(5,917,501)	(41,991,779)
Off-Balance Sheet items attracting interest rate sensitivity	2,370,951	834,180	483,921	717,354	7,435	-	4,413,841
Interest rate sensitivity gap	(15,560,429)	903,921	2,560,923	7,671,892	7,742,708	2,453,297	5,772,312

45. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Market Risk (Cont'd)

(i) Interest rate risk (Cont'd)

Banking specific segment (Cont'd)

2021	< 3 months MUR '000	3-6 months MUR '000	6-12 months MUR '000	1-3 years MUR '000	> 3 years MUR '000	Non-Interest Bearing MUR '000	Total MUR '000
Assets							
Cash and cash equivalents	3,349,014	-	-	-	-	4,027,380	7,376,394
Investment securities	425,275	304,142	1,725,855	3,753,001	-	-	6,208,273
Loans and advances to customers	8,804,036	2,567,980	1,569,625	5,094,451	1,852,807	-	19,888,899
Loans and advances to banks	-	-	-	-	-	-	0
Other investments	-	-	-	-	-	15,213	15,213
Trade and other receivables	-	-	-	-	-	522,821	522,821
Export documentary remittances	-	-	-	-	-	1,632,865	1,632,865
	12,578,325	2,872,122	3,295,480	8,847,452	1,852,807	6,198,279	35,644,465
Liabilities							
Deposits from customers	(27,252,749)	(767,312)	(1,059,149)	(8,947)	(44)	-	(29,088,201)
Borrowings	(2,180,000)	(457,800)	-	-	-	-	(2,637,800)
Lease liabilities	(6,619)	(12,103)	(15,975)	(52,308)	(4,647)	-	(91,652)
Trade and other payables	-	-	-	-	-	(774,480)	(774,480)
Export documentary remittances	-	-	-	-	-	(1,633,936)	(1,633,936)
Provision for other liabilities and charges	-	-	-	-	-	(2,980)	(2,980)
	(29,439,368)	(1,237,215)	(1,075,124)	(61,255)	(4,691)	(2,411,396)	(34,229,049)
Off-Balance Sheet items attracting interest rate sensitivity	3,250,802	-	1,158,175	244,022	-	-	4,652,999
Interest rate sensitivity gap	(13,610,241)	1,634,907	3,378,531	9,030,219	1,848,116	3,786,883	6,068,415

45. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Market Risk (Cont'd)

(i) Interest rate risk (Cont'd)

Banking specific segment (Cont'd)

BNI is exposed to interest rate risk as it borrows funds at floating interest rates. BNI's policy is to minimise exposure to interest rate movements without exposing itself to speculation or undue risk. BNI manages its exposure to fluctuations in interest rates with a view to containing its net interest costs or securing its interest revenues through the purchase of certain hedging instruments such as interest rate caps, floors, swaps or forward rate agreements.

The current policy is to have a good mix of fixed and variable interest rate.

Non-banking specific segment

The Group is exposed to interest rate cash flow as it borrows at variable and fixed rates. This risk is somehow mitigated by non-current receivables and loans at call being granted at variable rates.

The risk for the group is managed by maintaining an appropriate mix between fixed and floating rate borrowings, and the use of interest rate swap contracts.

Had interest rate on financial liabilities changed by 1%; with all other variables held constant, the effect on profit or loss would be as follows for the Group, excluding BNI.

	THE GROUP		THE COMPANY	
	2022 MUR 'M	2021 MUR 'M	2022 MUR 'M	2021 MUR 'M
1% increase in interest rate	(110)	(91)	(5)	(5)
1% decrease in interest rate	110	91	5	5

(ii) Currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures.

The Group has a treasury department in place where foreign exchange exposure risk is monitored and managed. If necessary, management can also use financial instruments to hedge currency risk.

Banking specific segment

The Bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Central Bank has set the limit to 20% of Available Tier 1 Capital and the bank has set an internal threshold of 13%. The accounting department provides this information to the Trading Floor for effective monitoring of the limit.

Furthermore, an internal report is issued on a daily basis, and a monthly report is sent to the Central Bank on a monthly basis.

Control mechanisms in place in case of a substantial change in the exchange rate are listed below:

- If there is a strong appreciation of the Ariary, the Bank takes a short position for up to 13%.
- In the event of a strong depreciation, the Bank may go long and up to 13%.

The Bank is primarily exposed to EURO and USD.

45. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Market Risk (Cont'd)

(ii) Currency risk (Cont'd)

The banking segment's financial assets and financial liabilities are denominated in the following foreign currencies:

	USD MUR '000	EURO MUR '000	Others MUR '000
At June 30, 2022			
Assets			
Banking specific segment			
Investments in other financial assets	-	-	15,175
Investment securities	-	-	6,335,249
Loans and advances to customers	678,503	672,878	22,930,276
Trade and other receivables	-	-	513,224
Export documentary remittances	-	-	2,449,652
Cash and cash equivalents	2,127,713	2,196,034	5,431,529
Total Assets	2,806,216	2,868,912	37,675,105
Liabilities			
Banking specific segment			
Trade and other payables	-	-	2,294,885
Deposits from customers	2,295,854	2,434,439	28,362,717
Borrowings	224,101	468,659	3,300,000
Export documentary remittances	-	-	2,457,230
Provision for other liabilities and charges	-	-	65,143
Lease Liability	-	-	88,751
Total Liabilities	2,519,955	2,903,098	36,568,726
Net on balance sheet position	286,261	(34,186)	1,106,379

45. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Market Risk (Cont'd)

(ii) Currency risk (Cont'd)

	USD MUR '000	EURO MUR '000	Others MUR '000
At June 30, 2021			
Assets			
Banking specific segment			
Investments in other financial assets	-	597	14,616
Investment securities	-	-	6,205,851
Loans and advances to customers	495,403	534,478	18,838,232
Trade and other receivables	-	-	522,821
Export documentary remittances	-	-	1,632,865
Cash and cash equivalents	1,589,048	1,717,927	4,068,629
Total Assets	2,084,451	2,253,002	31,283,014
Liabilities			
Banking specific segment			
Trade and other payables	-	-	774,480
Deposits from customers	1,651,019	2,133,139	25,304,041
Borrowings	-	-	2,637,800
Export documentary remittances	-	-	1,633,936
Provision for other liabilities and charges	-	-	2,980
Lease Liability	-	-	91,651
Total Liabilities	1,651,019	2,133,139	30,444,889
Net on balance sheet position	433,432	119,863	838,125

45. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Market Risk (Cont'd)

(ii) Currency risk (Cont'd)

The following table details the banking segment's sensitivity to a 5% change in the rupee against the relevant foreign currencies:

	2022		2021	
	Profit or loss	Equity	Profit or loss	Equity
	MUR 'M	MUR 'M	MUR 'M	MUR 'M
MUR/USD exchange rate – increase 5%	(12)	(12)	(21)	(21)
MUR/USD exchange rate – decrease 5%	12	12	21	21
MUR/EUR exchange rate – increase 5%	(1)	(1)	(5)	(5)
MUR/EUR exchange rate – decrease 5%	1	1	5	5

Non-banking specific segment

The Group is primarily exposed to USD, EUR, GBP and ZAR. Foreign exchange risk arises from future commercial transactions.

Forward contracts are used to mitigate foreign currency risks.

The following table details the Group's exposure to foreign currencies as at 30 June 2022 and 30 June 2021:

	THE GROUP	
	2022	2021
	Profit or loss	Profit or loss
	MUR'M	MUR'M
USD	382	(541)
EUR	(6,492)	(2,871)
GBP	227	(298)
ZAR	767	532
Others	(2,073)	(284)

CIEL Limited, the Company, does not have significant exposure to foreign currencies. Therefore, no sensitivity analysis has been performed as the amount will be immaterial.

45. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Market Risk (Cont'd)

(ii) Currency risk (Cont'd)

The following table details the Group's; excluding BNI sensitivity to a 5% change in MUR against the relevant currencies.

	THE GROUP	
	2022	2021
	Profit or loss	Profit or loss
	MUR'M	MUR'M
MUR/USD exchange rate – increase 5%	16	27
MUR/USD exchange rate – decrease 5%	(16)	(27)
MUR/EUR exchange rate – increase 5%	269	144
MUR/EUR exchange rate – decrease 5%	(269)	(144)
MUR/GBP exchange rate – increase 5%	(9)	15
MUR/GBP exchange rate – decrease 5%	9	(15)
MUR/ZAR exchange rate – increase 5%	(32)	(27)
MUR/ZAR exchange rate – decrease 5%	32	27

The Company does not have significant exposure to foreign currencies. Therefore, no sensitivity analysis has been performed.

(iii) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated statement of financial position as financial assets and FVOCI.

To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.

Diversification of the portfolio is done in accordance with the limits set by the Group.

45. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Market Risk (Cont'd)

(iii) Price risk (Cont'd)

Sensitivity analysis

The table below summarises the impact of a change in the fair value of the investments in other financial assets on the Group's equity. The analysis is based on the assumption that the fair value had changed by 5%, with other factors remaining constant.

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	MUR 'M	MUR 'M	MUR 'M	MUR 'M
Financial asset at fair value through OCI	23.3	23.0	1.3	1.3

(e) Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company/Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily quoted equity investments classified as trading securities or available-for-sale.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments are disclosed in Note 2.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cashflows at the current market interest rate that is available to the Group for similar financial instruments.

45. FINANCIAL RISK MANAGEMENT (CONT'D)

(e) Fair value estimation (Cont'd)

Categories of Financial Instruments

	Notes	THE GROUP	
		2022	2021
		MUR '000	MUR '000
Financial assets			
Amortised cost			
Investment in securities	24	6,335,249	6,208,017
Loan to banks	23	-	-
Loans and advances to customers	22	24,281,657	19,868,113
Non-current receivables	17	81,680	49,259
Trade and other receivables*	19	6,949,960	4,474,020
Cash and cash equivalent	20	12,701,634	9,931,175
		50,350,180	**40,530,584**
FVOCI			
Investments in other financial assets	15	465,083	459,852
		465,083	**459,852**
FVPL			
Derivative financial instruments	42	236,641	74,380
		236,641	**74,380**
Financial liabilities			
Amortised costs			
Borrowings	29	20,072,942	19,349,632
Lease liabilities	9(b)	3,464,263	3,265,163
Trade and other payables**	34	10,170,743	5,548,040
		33,707,948	28,162,835

For fair value hierarchy please refer to Note 42.

* Trade and other receivables exclude advance payments of **MUR 556M** (2021: MUR 556M), prepayments amounting to **MUR 247M** (2021: MUR 247M), taxes and grants of **MUR 319M** (2021: MUR 319M) and deposits of **MUR 16M** (2021: MUR 16M).

** Trade and other payables exclude client advances amounting to **MUR 330M** (2021: MUR 330M) and deposits from customers **MUR 159M** (2021: MUR 159M)..

45. FINANCIAL RISK MANAGEMENT (CONT'D)

(e) Fair value estimation (Cont'd)

Categories of Financial Instruments (Cont'd)

	Notes	THE COMPANY	
		2022	2021
		MUR '000	MUR '000
Financial assets			
Amortised cost			
Trade and other receivables*	19	556,786	318,665
Cash and cash equivalent	20	12,325	6,797
		569,111	325,462
FVOCI			
Investments in other financial assets	15	25,806	25,011
Investments in subsidiary companies	12	23,510,805	18,243,634
Investments in Joint Ventures	13	162,466	89,908
Investments in associates	14	185,087	227,040
		23,884,164	18,585,593
Financial liabilities			
Amortised costs			
Borrowings	29	3,069,988	3,203,353
Trade and other payables**	34	18,842	14,313
		3,088,830	3,217,666

*Trade and other receivables exclude prepayments of **MUR 191,000** (2021: MUR 118,000).

Trade and other payables exclude accrued expenses of **MUR 15,423 (2021: MUR 28,154)

45. FINANCIAL RISK MANAGEMENT (CONT'D)

(f) Capital risk management

The Group's objective when managing capital are:

- to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders.

The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets in order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid, issue new shares or sell assets.

The assets of the Company are financed through equity and borrowings.

Banking segment

The minimum required capital adequacy ratio in Madagascar is 8%. As at 30 June 2022 and 2021, the capital adequacy ratio of BNI was as follows:

		2022	2021
Capital base	MUR' M	2,766	2,282
Risk weighted	MUR' M	27,866	22,701
Capital adequacy ratio	%	10.00	10.05

Non-banking specific segment

The gearing ratio, excluding banking deposits, lease liabilities and cash and cash equivalents, as at 30 June 2022, is as follows:

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	MUR' 000	MUR '000	MUR' 000	MUR '000
Total debt	16,080,182	16,711,832	3,069,988	3,203,353
Less Cash and cash equivalents	(2,946,342)	(2,554,780)	(12,325)	(6,798)
	13,133,840	14,157,052	3,057,663	3,196,555
Total equity	26,383,320	22,185,136	21,079,242	15,664,672
	39,517,160	36,342,188	24,136,905	18,861,227
Gearing	33%	39%	13%	17%

46. DISCONTINUED OPERATIONS

Accounting policies

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

(a) Segments

(i) Textile Segment

On 26 August 2021, CIEL Textile Limited (CTL) entered a strategic partnership with the SOCOTA group in Madagascar to combine over 90 years of woven fabric expertise. The partnership involves a significant change in the operations of Consolidated Fabric Limited (CFL), whose assets and liabilities have been stated as 'assets classified as held for sale' and 'liabilities directly associated with assets classified as held for sale' respectively. It is also important to note that a regeneration project will be conducted on the existing sites of CFL to ensure that new activities are developed in the region.

(ii) Healthcare Segment

With effect from 13 May 2021, International Air Ambulance Limited, a subsidiary of the International Medical Group Ltd, disposed its insurance book and related medical insurance business.

(b) An analysis of the result of discontinued operations are as follows

		THE GROUP	
		2022	2021
		MUR '000	MUR '000
Revenue		275,898	963,745
Earnings before interest, tax, depreciation and amortisation and impairment		(264,735)	265,639
Depreciation and amortisation		-	(98,526)
Impairment of non-financial assets		-	(392,049)
Net finance costs		-	(62,601)
Loss before income tax		(264,735)	(287,537)
Income tax (charge)/credit		(21,986)	40,156
Loss for the period from discontinued operation		(286,721)	(247,381)
Loss on discontinued operations attributable as follows:			
Owners of the parent		(287,584)	(137,944)
Non-controlling interests		863	(109,437)
		(286,721)	(247,381)
Net cash flows from discontinued operations			
Operating cash flows		(31,495)	(1,080,958)
Investing cash flows		359,416	1,650,646
Financing cash flows		(132,311)	(613,216)
		195,610	(43,528)
Basic and diluted earnings per share			
Loss attributable to owners from discontinued operations	MUR '000	(287,584)	(137,944)
Weighted average number of ordinary shares		1,687,455	1,686,967
Loss per share	MUR '000	(0.17)	(0.08)

47. SUBSEQUENT EVENTS

Alteo Limited

On 25th August 2022, the shareholders of Alteo Limited ratified the decision to separate Alteo Group into two distinct listed groups.

- Miwa Sugar Limited would hold its regional sugar operations in Tanzania and Kenya through its investment in Sucriere Des Mascareignes Limited.
- Alteo Limited would hold its sugar cane growing, property, sugar cane milling and energy operations in Mauritius.

The split is expected to be completed by end of calendar year once all necessary approvals are obtained.

CIEL Finance Ltd

Subsequent to the reporting date, below events occurred:

(i) CIEL Finance Ltd has, on 18th July 2022, entered into a Share Purchase Agreement to dispose its stake in one of its subsidiary. The disposal is subject to the satisfaction of certain conditions precedent, including regulatory approvals.

(ii) CIEL Finance Ltd has, on 2nd August 2022, entered into a Transaction Agreement with Amethis Africa Finance Ltd to buy back its 24.9% minority stake. This transaction is subject to the satisfaction of certain conditions precedent, including regulatory approvals.